

Oyster Petroleum Holding Limited

Report and Financial Statements

For the year ended 31 December 2015

Registered number 8649342



# **Oyster Petroleum Holding Limited**

## **Report and Financial Statements For the year ended 31 December 2015**

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# **Oyster Petroleum Holding Limited**

## **Directors and advisors**

### **Directors**

Einar Gjelsvik  
Colin Christie  
Alan Thomas Curran

### **Secretary**

Burness Pauli LLP  
Union Plaza  
1 Union Wynd  
Aberdeen  
AB10 1DQ

Andrew Graham McIntosh (Appointed 31 July 2015)  
3 Queens Gardens  
Aberdeen  
AB15 4YD

### **Registered Office**

Harbour Court Compass Road  
North Harbour  
Portsmouth  
Hampshire  
England  
PO6 4ST

### **Bankers**

The Royal Bank of Scotland plc  
40 Albyn Place  
Aberdeen  
AB10 1YN

### **Solicitors**

Burness Pauli LLP  
Union Plaza  
1 Union Wynd  
Aberdeen  
AB10 1DQ

### **Independent Auditor**

Ernst & Young LLP  
Blenheim House  
Fountainhall Road  
Aberdeen  
AB15 4DT

# Oyster Petroleum Holding Limited

## Strategic Report

The directors present their Strategic Report for the year ended 31 December 2015

### Principal activities

The Company is involved in the exploration and development of offshore oil and gas prospects in the UK North Sea. The Company is a 100% subsidiary of Verus Petroleum Holding Limited.

### Business review

The Company results for the year are shown in the Statement of Comprehensive Income on page 7. The loss after tax for the year was \$13,202,000 (31 December 2014: \$21,271,000). No dividends were paid or are proposed for the year (31 December 2014: £nil).

The cash balance at the end of 2015 was \$7,000 (2014: \$57,000).

The company holds an investment in Oyster Petroleum Limited, an oil and gas exploration company focused on the UK continental shelf. During the year, the investment was impaired by \$13,190,000 (2014: \$21,000,000) due to the unsuccessful drilling of Red Castle in 2015 and Handcross in 2014.

The Company was sold to Verus Petroleum Holding Limited on 24 June 2015. The Company was sold to realise cost savings for the ultimate parent undertaking and controlling party HitecVision VI, LP, a Private Equity Fund based in Norway.

The shareholders of the Company have approved the transition of the report and financial statements to a new reporting framework: Financial Reporting Standards FRS 101. This has resulted in a reduced number of disclosures being made within this report; equivalent disclosures have been made in Verus Petroleum Holding Limited.

### Outlook for 2016

No significant change in the business of the Company has taken place during the year or is expected in the immediate foreseeable future.

### Risks and uncertainties

The Company's major risks and uncertainties are managed at the Verus Petroleum Holding Limited group (the "Group") level.

The major risks and uncertainties managed by the Group are health, safety and environmental (HSE) issues associated with our operations, technical uncertainty associated with the presence and performance of reserves, commodity price uncertainty, and the cost and availability of materials and services.

#### **HSE**

To mitigate any risks with regards to HSE, the Group has in place an HSE management plan which attempts to ensure that all our operations are conducted within normal industry standards and procedures. We also seek to ensure that all our contractors have the appropriate systems and procedures in place to ensure safe operations.

Oil spill contingency plans are drawn up prior to the drilling of any wells. Any incident that occurs during operations is fully investigated by the Group and/or its contractors to ensure that any remedial actions that are identified are fully acted upon and implemented.

The Group also has in place insurance policies to cover any damage or losses which may occur during operations and to cover the costs of any major environmental issue.

# Oyster Petroleum Holding Limited

## Strategic Report (continued)

### *Geological*

In order to mitigate the inherent geological risks facing the Group it employs qualified and experienced experts in the geoscience fields. It applies the latest technologies to interpret data and works with skilled contractors with extensive experience in the areas we are operating in.

Whilst this risk can never be fully mitigated, the Group is focusing on mature hydrocarbon bearing provinces and exploring prospects with proven productive analogues in regions with established infrastructure. Once discovered, our estimated recoverable reserves and their Net Present Value are verified by independent qualified engineering firms.

### *Commodity price risk*

In common with its competitors, the Group must make long term investment decisions with a great degree of uncertainty over the price it will achieve for the sale of its oil or gas. Investment decisions are only undertaken following a rigorous review of project economics. These reviews will take into account a range of commodity price scenarios.

The Group will look to manage commodity price uncertainty with hedge instruments when we feel it is necessary. All hedges are subject to full board approval and approval of our counterparty in the hedging agreement.

### *Materials and services*

The Group will seek to achieve best prices by competitively tendering major service and material contracts where appropriate.

Also, the Group puts in place project plans which identify critical items required for operations and places orders in a timely manner to ensure delivery meets the required schedules.



Colin Christie  
Director

6 July 2016

# Oyster Petroleum Holding Limited

## Directors' Report

The directors present their report for the year ended 31 December 2015

### Company Funding and Going Concern

The Company's funding is by way of a borrowing through intercompany from Verus Petroleum UK Limited

Verus Petroleum UK Limited has provided a letter of support confirming its intention to continue to provide support to the activities of the Company and to ensure adequate funds are available, further details of which are set out in note 2

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Report and Financial Statements

### Directors

Directors who served during the year and up to the date of signing the financial statements were as follows

Alan Thomas Curran (Appointed 22 June 2015)  
Colin Christie (Appointed 22 June 2015)  
Einar Gjelsvik  
Michael Whyatt (Resigned 12 May 15)  
Richard Kevin Morgan (Resigned 12 February 2015)  
Robert John Arnott (Resigned 12 May 2015)  
Tor Espedal (Resigned 10 April 2015)

None of the directors had any interest in the share capital of the Company during the year

### Post Balance Sheet Events

Details of significant events since the Balance Sheet date are contained in note 13 to the financial statements

### Auditors

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

The auditors, Ernst & Young LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting

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



Colin Christie  
Director  
6 July 2016

# **Oyster Petroleum Holding Limited**

## **Statement of Directors' Responsibilities**

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable UK law and regulations

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

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

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. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OYSTER PETROLEUM HOLDING LIMITED**

We have audited the financial statements of Oyster Petroleum Holding Limited for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Principles) including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

### **Opinion on financial statements**

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

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 directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

*Ernst & Young LLP*

Maira Ann Lawrence (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
Aberdeen

*4 July 2016*

# Oyster Petroleum Holding Limited

## Statement of Comprehensive Income Year ended 31 December 2015

	Notes	2015 \$ 000	2014 \$ 000
Administrative expenses		(12)	(271)
Impairment of investments	5	(13,190)	(21,000)
<b>Operating loss</b>	5	<b>(13,202)</b>	<b>(21,271)</b>
<b>Loss before taxation</b>		<b>(13,202)</b>	<b>(21,271)</b>
Tax	7	-	-
<b>Total comprehensive loss for the year</b>		<b>(13,202)</b>	<b>(21,271)</b>
<b>Attributable to:</b>			
<b>Owners of the parent</b>		<b>(13,202)</b>	<b>(21,271)</b>

## Oyster Petroleum Holding Limited

### Statement of Changes in Equity Year ended 31 December 2015

	Note	Share capital \$'000	Share premium \$'000	Retained (deficit) \$'000	Total equity \$'000
<b>Balance at 31 December 2013</b>		<b>21</b>	<b>13,544</b>	<b>(773)</b>	<b>12,792</b>
Total comprehensive loss for the period		-	-	(21,271)	(21,271)
Issue of shares	10,11	3	17,365	-	17,368
<b>Balance at 31 December 2014</b>		<b>24</b>	<b>30,909</b>	<b>(22,044)</b>	<b>8,889</b>
Total comprehensive loss for the period		-	-	(13,202)	(13,202)
Issue of shares	10,11	-	4,549	-	4,549
<b>Balance at 31 December 2015</b>		<b>24</b>	<b>35,458</b>	<b>(35,246)</b>	<b>236</b>

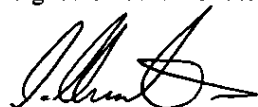
# Oyster Petroleum Holding Limited

## Statement of Financial Position As at 31 December 2015

	Notes	2015 \$ 000	2014 \$ 000
<b>Non-current assets</b>			
Investment	8	360	9,000
		<b>360</b>	<b>9,000</b>
<b>Current assets</b>			
Cash and cash equivalents		7	57
		<b>7</b>	<b>57</b>
<b>Total assets</b>		<b>367</b>	<b>9,057</b>
<b>Current liabilities</b>			
Trade and other payables	9	(131)	(168)
<b>Net current assets</b>		<b>(124)</b>	<b>(111)</b>
<b>Net assets</b>		<b>236</b>	<b>8,889</b>
<b>Equity</b>			
Share capital	10	24	24
Share premium	11	35,458	30,909
Retained deficit		(35,246)	(22,044)
<b>Total equity</b>		<b>236</b>	<b>8,889</b>

The financial statements were approved by the board of directors on 4 July 2016

Signed on behalf of the Board of Directors



Colin Christie  
Director

Registered no. 8649342

# Oyster Petroleum Holding Limited

## Notes to the financial statements for the year ended 31 December 2015

### 1 General information

Oyster Petroleum Holding Limited is a Company incorporated and domiciled in the United Kingdom under the Companies Act 2006. These financial statements are presented in US Dollars because that is the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest thousand US Dollar except when otherwise indicated.

### 2 Basis of preparation

These financial statements of the Company have been prepared in accordance with United Kingdom Accounting Standards - FRS 101 and the Companies Act 2006 ("the Act") as applicable to companies using FRS 101.

FRS 101 sets out a reduced disclosure framework for a "qualifying entity", as defined in the Standard, which addressed the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards ("IFRSs").

The Company is a qualifying entity for the purposes of FRS 101. Note 12 gives details of the Company's ultimate parent and from where the consolidated financial statements prepared in accordance with IFRS may be obtained.

The Company's date of transition to FRS 101 was 1 January 2015. The Company notified its shareholders in writing about, and there were no objections to, the use of the disclosure exemptions used by the Company in these financial statements. Previous financial statements were prepared in accordance with IFRSs as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRSs.

The adoption of FRS 101 has not resulted in any change to the measurement principles under IFRSs.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - (i) Paragraph 79(a)(iv) of IAS 1 'Presentation of financial statements',
  - (ii) Paragraph 73(e) of IAS 16 'Property, plant and equipment',
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows),
  - 10(f) (a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
- 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements),
  - 38B-D (additional comparative information),
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective),
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more wholly owned members of a group

# Oyster Petroleum Holding Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 2 Basis of preparation (continued)

#### Going concern

The Company had net current liabilities at 31 December 2015 of \$0.1 million (2014: \$0.1 million). This balance largely reflects net amounts due to group undertakings with no fixed repayment date of \$0.1 million (2014: \$0.2 million).

The recoverability of these amounts is dependent on the ongoing financial support of the Company's fellow group undertakings and by Verus Petroleum UK Limited.

The financial statements are prepared in accordance with the going concern concept. This statement is made on the basis that Verus Petroleum UK Limited and main source of finance, has confirmed that it intends to finance the Company so as to enable it to meet its liabilities as they fall due and to carry on business without a significant curtailment of operations for a period of at least 12 months from the date of approval of these financial statements.

### 3 Summary of significant accounting policies

#### Changes in accounting policy and disclosure

The principal accounting policies applied in the preparation of these financial statements are set out below. The adoption of FRS 101 has not resulted in any change to the measurement principles under IFRS as adopted by the European Union which the prior period accounts were prepared in accordance with. The accounting policies have been consistently applied to all the years presented, unless otherwise stated.

#### Business combinations and goodwill

On the acquisition of a business, the purchase method of accounting is used whereby the purchase consideration is allocated to the identifiable assets, liabilities and contingent liabilities (identifiable net assets) on the basis of fair value at the date of acquisition. At the date of acquisition provisional estimates of fair values are used. These provisional estimates are finalised within 12 months of the acquisition date with any adjustments being recorded against goodwill. Those petroleum reserves and resources that are able to be reliably valued are recognised in the assessment of fair values on acquisition. Other potential reserves, resources and rights, for which fair values cannot be reliably determined, are not recognised.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

If the fair value attributable to the Company's share of the identifiable net assets exceeds the fair value of the consideration, the Company reassesses whether it has correctly identified and measured the assets acquired and liabilities assumed and recognises any additional assets or liabilities that are identified in that review. If that excess remains after reassessment, the Company recognises the resulting gain in the income statement on the acquisition date.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where the Company makes an acquisition which does not qualify as a business combination under IFRS 3 "Business Combinations", the Company accounts for such transactions as asset acquisitions.

# Oyster Petroleum Holding Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 3 Summary of significant accounting policies (continued)

#### Taxation

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

Current tax, including UK corporation tax and supplementary 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 statements 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 taxable 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 reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the 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.

#### Foreign currency

The individual financial statements of the Company are presented in the currency of the primary economic environment in which it operates which is also in this case its functional currency. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the period.

#### Related party disclosures

In accordance with the exemption allowed by FRS 101, no disclosures are made of transactions with wholly owned subsidiaries of Verus Petroleum Holding Limited or compensation of key management.

#### Investments in subsidiaries

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

# Oyster Petroleum Holding Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 3 Summary of significant accounting policies (continued)

#### Financial assets

The company classifies its financial assets as receivables. Management determines the classification of its financial assets at initial recognition. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the year end, these are classified as non-current assets. The company's receivables comprise trade, underlift and cash on the balance sheet.

Receivables are subsequently carried at amortised cost using the effective interest method, less any provision for impairment.

#### Financial liabilities

The Company classifies its financial liabilities as loans and payables. The classification depends on the nature of the underlying liabilities, with management determining the classification of financial liabilities at initial recognition. Financial liabilities at fair value through profit or loss are those held for trading, and derivatives in a negative fair value position. All other financial liabilities which do not meet the criteria of fair value through profit or loss are held at amortised cost.

Financial liabilities are initially recognised at fair value, and then subsequently at amortised cost using the effective interest rate method.

### 4 Critical accounting judgements and key sources of estimation uncertainty

#### *Critical judgements in applying the Company's accounting policies*

In the process of applying the Company's accounting policies, which are described in Note 3, key judgements have been made that have a significant effect on the amounts recognised in the financial statements.

#### *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### Impairment

An impairment test is performed whenever events and circumstances arising during the development or production phase indicate that the carrying value of a development or production asset may exceed its recoverable amount. The aggregate carrying value is compared against the expected recoverable amount of the cash generating unit, generally by reference to the present value of the future net cash flows expected to be derived from the production of commercial reserves. The key judgments relate to the future production profile, oil price, discount rate and inflation rate. The key assumptions are \$47 (2014: \$59) per barrel of oil in 2016, \$59 (2014: \$60) per barrel of oil in 2017 and \$71 (2014: \$61) per barrel of oil in 2018, 10.5% (2014: 16%) discount rate and 2% (2014: 2%) inflation rate.

# Oyster Petroleum Holding Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 5 Operating loss

	2015	2014
	\$ 000	\$ 000
<b>Operating loss is stated after charging:</b>		
Impairment of investments	13,190	21,000
Audit of financial statements	5	10
Tax compliance services	5	5

Audit and tax fees paid to Ernst & Young LLP were \$10,000 (2014 \$nil) Audit and tax fees paid to KPMG LLP were \$nil (2014 \$15,000)

### 6 Employee numbers and directors remuneration

During the year the Company had no employees (2014 nil)

None of the Directors received any emoluments during the year (2014 none) in respect of their services to the Company

Some of the directors of the Company are also directors of the holding Companies and fellow subsidiaries. The directors were paid by another group Company. The directors do not believe that it is practicable to apportion this amount between their services as directors of this Company and their services as directors of the holding Companies in which the remuneration has been disclosed.

# Oyster Petroleum Holding Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 7 Tax

	2015	2014
	\$ 000	\$ 000
<b>Current tax:</b>		
UK Corporation tax	-	-
<b>Total current tax</b>	-	-
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	-	-
Previously unrecognised tax losses	-	-
<b>Total tax credit</b>	-	-

### Factors Affecting Total Tax Charge for the Current Period

The charge for the year can be reconciled to the profit per the income statement as follows

	2015	2014
	\$ 000	\$ 000
<b>Loss before taxation</b>	<b>(13,202)</b>	<b>(21,271)</b>
Tax on loss at standard UK tax rate of 20 25% (2014 21 49%)	<b>(2,673)</b>	<b>(4,571)</b>
Effects of		
Expenses not deductible	<b>2,671</b>	4,555
Effects of group relief/ other reliefs	<b>2</b>	4
Losses carried forward	-	12
<b>Tax charge for the year</b>	<b>-</b>	<b>-</b>

The company has gross tax losses which are available indefinitely for offset against future taxable profits and which exceed other temporary differences by \$394,887 (2014 \$393,838). Deferred tax assets have not been recognised in respect of these losses due to the uncertainty of the availability of suitable future profits from which they can be deducted. In Finance Act 2015, the government set corporation tax rate at 19% for the years starting the 1 April 2017, 2018 and 2019, and at 18% for the year starting 1 April 2020.

The 2016 Budget on the 16 March 2016 announced that the corporation tax rate for year starting 1 April 2020 will be reduced by 1%, from 18% to 17%.

# Oyster Petroleum Holding Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 8 Investment

	2015
	\$ 000
At 1 January	9,000
Additions	4,550
Impairment	(13,190)
At 31 December	360

The subsidiary of the company is:	Country of incorporation	Nature of business	% holding
Oyster Petroleum Limited	UK	Oil & Gas	100%

During 2015 an additional investment of \$4,550,000 was made into Oyster Petroleum Limited. The additional investment was to fund drilling in the UKCS. The drilling was unsuccessful therefore the investment has been impaired to the net asset value of Oyster Petroleum Limited.

### 9 Trade and other payables - current

	2015	2014
	\$ 000	\$ 000
Amounts due to group undertakings	109	156
Accruals and deferred income	22	12
	131	168

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

# Oyster Petroleum Holding Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 10 Share capital

<i>Number</i>	<b>2015</b>	<b>2014</b>
<b>Authorised, allotted, called up and fully paid</b>		
Ordinary shares of £0.10 each	<b>80,000</b>	80,000
Ordinary shares of £0.20 each	<b>20,000</b>	20,000
Preference shares of £0.001 each	<b>3,473,750</b>	3,018,750
<i>Value</i>	<b>2,015</b>	<b>2,014</b>
	<b>\$ 000</b>	<b>\$ 000</b>
<b>Authorised, allotted, called up and fully paid</b>		
Ordinary shares of £0.10 each	<b>13</b>	13
Ordinary shares of £0.20 each	<b>5</b>	5
Preference shares of £0.001 each	<b>6</b>	6

On 22 January 2014 2,500 preference B shares of £0.001 each were issued at \$10 per share. These shares carry no voting rights and accumulate a dividend of 8% per year. Payment of the dividend is dependant on the company meeting certain key milestones.

On 31 January 2014 1,750 preference B shares of £0.001 each were issued at \$10 per share. These shares carry no voting rights and accumulate a dividend of 8% per year. Payment of the dividend is dependant on the company meeting certain key milestones.

On 31 January 2014 500,000 preference A shares of £0.001 each were issued at \$10 per share. These shares carry voting rights and accumulate a dividend of 8% per year. Payment of the dividend is dependant on the company meeting certain key milestones.

On 26 March 2014 500,000 preference A shares of £0.001 each were issued at \$10 per share. These shares carry voting rights and accumulate a dividend of 8% per year. Payment of the dividend is dependant on the company meeting certain key milestones.

On 1 July 2014 750,000 preference A shares of £0.001 each were issued at \$10 per share. These shares carry voting rights and accumulate a dividend of 8% per year. Payment of the dividend is dependant on the company meeting certain key milestones.

On 10 April 2015 50,000 preference A shares of £0.001 each were issued at \$10 per share. These shares carry voting rights and accumulate a dividend of 8% per year. Payment of the dividend is dependant on the company meeting certain key milestones.

On 22 June 2015 405,000 preference A shares of £0.001 each were issued at \$10 per share. These shares carry voting rights and accumulate a dividend of 8% per year. Payment of the dividend is dependant on the company meeting certain key milestones.

# Oyster Petroleum Holding Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 11 Share premium account

	\$'000
<b>As at 31 December 2013</b>	<b>13,544</b>
Premium on issue of shares	17,365
<b>As 31 December 2014</b>	<b>30,909</b>
Premium on issue of shares	4,549
<b>As 31 December 2015</b>	<b>35,458</b>

The premium on issue of shares has been generated from the issue of shares as noted in Note 10

### 12 Ultimate parent undertaking

As at 31 December 2015, the immediate parent company was Verus Petroleum Holding Limited

As at 31 December 2015, Verus Petroleum Holding Limited is the largest group to consolidate these financial statements. The consolidated accounts for Verus Petroleum Holding Limited can be obtained from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF

As at 31 December 2015, the ultimate parent undertaking and controlling party is HitecVision VI, LP, a Private Equity Fund based in Norway

### 13 Post balance sheet events

On 10 June 2016, the Company signed a sale and purchase agreement to sell the entire share capital of Oyster Petroleum Limited to Independent Oil and Gas PLC for a consideration of £5 million before completion adjustments. The consideration is split £1 million on completion, with deferred consideration of £0.75 million 9 months after completion, £1.75 million on Field Development Plan approval and a further £1.5 million on first gas. The deal is expected to complete in September 2016. Oyster Petroleum Limited will hold the following licences at completion: P1915 - 49/21c Vulcan South, P2122 - 49/21d Vulcan East II, P0039 - 49/21a Vulcan East and P130 - 48/25a Vulcan North West.