

Oyster Petroleum Holding Limited

Report and Financial Statements

For the year ended 31 December 2016

Registered number: 8649342

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Oyster Petroleum Holding Limited

Report and Financial Statements For the year ended 31 December 2016

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Oyster Petroleum Holding Limited

Directors and advisors

Directors

Einar Gjelsvik
Colin Christie
Alan Thomas Curran

Secretary

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Aberdeen
AB10 1DQ

Andrew Graham McIntosh
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Registered Office

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PO6 4ST

Bankers

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

Solicitors

Burness Paull 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 2016.

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 \$5,339,000 (2015: \$13,202,000). No dividends were paid or are proposed for the year (31 December 2015: £nil).

The cash balance at the end of 2016 was \$40,000 (2015: \$7,000).

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 (FDP) approval and a further £1.5 million on First Gas. The deal completed on the 28th of October 2016. Oyster Petroleum Limited held the following licences at completion P1915 - 49/21c Vulcan South, P2122 - 49/211 Vulcan East II, P0039 - 49/21 a Vulcan East and P 130 -48/25a Vulcan North West. The Company made a loss on disposal of \$5,445,000. The loss includes the deferred consideration for FPD and First Gas which are deemed to be contingent in nature, therefore not recognised.

Outlook for 2017

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 (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
28 April 2017

Oyster Petroleum Holding Limited

Directors' Report

The directors present their report for the year ended 31 December 2016.

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
Colin Christie
Einar Gjelsvik

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

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
28 April 2017

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 AUDITORS' 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 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, 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 Practice), including FRS 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 auditor

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework"; 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, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' 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 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

Kevin Weston (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen

28 April 2017

Oyster Petroleum Holding Limited

Statement of Comprehensive Income Year ended 31 December 2016

	Notes	2016 \$ 000	2015 \$ 000
Administrative expenses		(26)	(12)
Foreign exchange gain	5	26	-
Impairment of property, plant and equipment	5	-	(13,190)
Dividend in specie	5	106	-
Loss on sale on disposal	5	(5,445)	-
Operating loss	5	(5,339)	(13,202)
Finance income		-	-
Loss before taxation		(5,339)	(13,202)
Tax	7	-	-
Total comprehensive loss for the year		(5,339)	(13,202)
Attributable to:			
Owners of the parent		(5,339)	(13,202)

Oyster Petroleum Holding Limited

Statement of Changes in Equity Year ended 31 December 2016

	Note	Share capital \$'000	Share premium \$'000	Retained (deficit) \$'000	Total equity \$'000
Balance at 31 December 2014		24	30,909	(22,044)	8,889
Total comprehensive loss for the year		-	-	(13,202)	(13,202)
Issue of shares	11,12	-	4,549	-	4,549
Balance at 31 December 2015		24	35,458	(35,246)	236
Total comprehensive loss for the year		-	-	(5,339)	(5,339)
Balance at 31 December 2016		24	35,458	(40,585)	(5,103)

Oyster Petroleum Holding Limited

Statement of Financial Position As at 31 December 2016

	Notes	2016 \$ 000	2015 \$ 000
Non-current assets			
Investment	8	-	360
		-	360
Current assets			
Debtors	9	2,143	-
Cash and cash equivalents		40	7
		2,183	7
Total assets		2,183	367
Current liabilities			
Trade and other payables	10	(7,286)	(131)
Net current liabilities		(5,103)	(124)
Net (liabilities) / assets		(5,103)	236
Equity			
Share capital	11	24	24
Share premium	12	35,458	35,458
Retained deficit		(40,585)	(35,246)
Total equity		(5,103)	236

The financial statements were approved by the board of directors on 28 April 2017.

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 2016

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 13 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 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 2016 (continued)

2 Basis of preparation (continued)

Going concern

The Company had net current liabilities at 31 December 2016 of \$1.1 million (2015: \$0.1 million). This balance largely reflects net amounts due to group undertakings with no fixed repayment date of \$6.0 million (2015: \$0.1 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 accounting policies have been consistently applied to all the years presented, unless otherwise stated.

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.

Oyster Petroleum Holding Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

3 Summary of significant accounting policies (continued)

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

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 of Investments

An impairment test is performed whenever events and circumstances arising which indicate the carrying value of the investment may exceed its recoverable amount from the subsidiary. The investment carrying value is compared against the expected recoverable amount of the subsidiary, 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 \$52 (2015: \$59) per barrel of oil in 2017 and \$55 (2015: \$71) per barrel of oil in 2018, 9.5% (2015: 10.5%) discount rate and 2% (2015: 2%) inflation rate.

Oyster Petroleum Holding Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

5 Operating loss

	2016	2015
	\$ 000	\$ 000
Operating loss is stated after charging / (crediting):		
Foreign exchange gain	(26)	-
Impairment of investments	-	13,190
Dividend in specie	(106)	-
Loss on disposal	5,445	-
Audit of financial statements	8	5
Tax compliance services	7	5

The Company entered into an agreement with Independent Oil and Gas PLC to sell its wholly owned subsidiary, Oyster Petroleum Limited, for a total consideration of £5 million. The disposal resulted in a loss of \$5,445,000 being the difference between the net assets disposed of and the proceeds which are deemed to be receivable at the balance sheet date.

6 Employee numbers and directors remuneration

During the year the Company had no employees (2015: nil).

None of the Directors received any emoluments during the year (2015: 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 2016 (continued)

7. Tax

	2016 \$ 000	2015 \$ 000
Current tax:		
UK Corporation tax	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of temporary differences	-	-
Previously unrecognised tax losses	-	-
Total tax credit	-	-

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:

	2016 \$ 000	2015 \$ 000
Loss before taxation	(5,339)	(13,202)
Tax on loss at standard UK tax rate of 20% (2015: 20.25%)	(1,068)	(2,673)
Effects of:		
Expenses not deductible	1,089	2,671
Effects of group relief/ other reliefs	-	2
Income not taxable	(21)	-
Unused tax losses	-	-
Tax charge for the year	-	-

The company has gross tax losses which are available indefinitely for offset against future taxable profits and which exceed other temporary differences by \$395,738 (2015: \$394,887). 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.

Oyster Petroleum Holding Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

8 Investment

	2016 \$ 000
At 1 January	360
Additions	7,250
Disposal	(7,610)
At 31 December	-

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

During 2016 an additional investment of \$7,250,000 was made into Oyster Petroleum Limited to allow Oyster Petroleum Limited to acquire the following licences P1915 - 49/21c Vulcan South, P2122 - 49/21(1 Vulcan East II, P0039 - 49/21 a Vulcan East and P 130 -48/25a Vulcan North West from Verus Petroleum (SNS) Limited and Verus Petroleum (CNS) Limited.

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 completed on 28 October 2016. The loss includes the deferred consideration for FPD and First Gas which are contingent in nature and do not meet recognition criteria.

9 Trade and other receivables - current

	2016 \$ 000	2015 \$ 000
Other debtors	923	-
Amounts due from group undertakings	1,216	-
VAT receivable	4	-
	2,143	-

Within Other debtors the deferred consideration from Independent Oil and Gas PLC has been included, with deferred consideration of £0.75 million to be received in July 2017. The deferred consideration from Independent Oil and Gas PLC for Field Development Plan (FDP) approval of £1.75 million and a further £1.5 million on First Gas are contingent in nature and do not meet recognition criteria.

10 Trade and other payables - current

	2016 \$ 000	2015 \$ 000
Amounts due to group undertakings	7,250	109
Accruals and deferred income	36	22
	7,286	131

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 2016 (continued)

11 Share capital

<i>Number</i>	2016	2015
Authorised, allotted, called up and fully paid		
Ordinary shares of £0.10 each	80,000	80,000
Ordinary shares of £0.20 each	20,000	20,000
Preference shares of £0.001 each	3,473,750	3,473,750
<i>Value</i>	2016	2015
	\$ 000	\$ 000
Authorised, allotted, called up and fully paid		
Ordinary shares of £0.10 each	13	13
Ordinary shares of £0.20 each	5	5
Preference shares of £0.001 each	6	6

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 dependent 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 dependent on the company meeting certain key milestones.

12 Share premium account

	\$'000
As 31 December 2014	30,909
Premium on issue of shares	4,549
As 31 December 2015	35,458
Premium on issue of shares	-
As 31 December 2016	35,458

The premium on issue of shares has been generated from the issue of shares as noted in Note 11.

13 Ultimate parent undertaking

As at 31 December 2016, the immediate parent company was Verus Petroleum Holding Limited.

As at 31 December 2016, 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 2016, the ultimate parent undertaking and controlling party is HitecVision VI, LP, a Private Equity Fund based in Norway.