

COMPANY REGISTRATION NUMBER: 10212262

**UKOG TURKEY LTD (previously UKOG (KOGL) LTD)  
REPORT AND FINANCIAL STATEMENTS**

**Year ended 30 September 2022**

FRIDAY



A19 \*AC5TP91V\* #83  
16/06/2023  
COMPANIES HOUSE

**UKOG TURKEY LTD**  
**REPORT AND FINANCIAL STATEMENTS**  
**Year ended 30 September 2022**

<b>Contents</b>	<b>Pages</b>
Company Information	1
Strategic Report	2-3
Directors Report	4-5
Statement of Directors' Responsibilities	6
Statement Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10 - 17

**UKOG TURKEY LTD  
REPORT AND FINANCIAL STATEMENTS  
COMPANY INFORMATION**

**Directors**

Stephen Paul Sanderson  
Kiran Morzaria (Resigned 10 May 2023)  
Alan Dee Howard (Appointed 10 May 2023)

**Registered office**

The Broadgate Tower 8<sup>th</sup> Floor  
20 Primrose Street  
London  
EC2A 2EW

**Registered number**

10212262

## **UKOG TURKEY LTD STRATEGIC REPORT**

The directors present the strategic report for the year ended 30 September 2022.

### **Review of the business**

The principal activity of UKOG Turkey Ltd ("the Company") is the investment in onshore oil and gas exploration, development and production opportunities in Turkey.

The Basur-Resan anticline containing the Basur-1 oil discovery is located within the surrounding 305 km<sup>2</sup> Resan M47-b1, b2 licence, in which UKOG's wholly owned subsidiary, UKOG Turkey Ltd, holds a 50% non-operated interest.

The company is a member of the UK Oil & Gas Plc Group ("the Group"). The Group specialises in investing in new geological ideas, concepts and methodologies to find and produce oil from previously unexplored rock formations within established oil-producing basins and is listed on London's Alternative Investment Market ("AIM").

### **Business review**

UKOG was deeply saddened by the terrible earthquake and humanitarian tragedy in southern Turkey. Our partner and licence operator, Aladdin Middle East ("AME"), advised us that our Resan licence area was unaffected by the earthquakes, being located some distance away from the fault zone and the earthquake epicentre.

The loss for the year after taxation is £136,422 (2021: £62,200). The directors do not recommend payment of a dividend (2021: £nil).

A Basur-Resan Licence Operating Committee meeting was held by Aladdin Middle East (AME) in Ankara in late 2021, the first face to face meeting permitted since the Covid pandemic. The 2022 work programme and budget were approved.

During our Ankara visit, it was confirmed that AME's and the Company's bid for new licences in last year's Turkish minilicence round was unsuccessful. The mini licence round attracted several other bidders including the Turkish national oil company, TPAO. Although disappointing given the work programme offered, the bid was ancillary to the Company's focus of appraising Basur-Resan.

AME successfully completed the acquisition of phase 1 (46.5km) and phase 2 (42.3km) of the 2D seismic programme over challenging terrain. The acquisition was conducted by Viking Geological Services. In total 7 new 2D lines were acquired to enhance imaging and understanding of the Basur-Resan discovery. Abu Dhabi based BGP completed the seismic processing. Interpretation and geological mapping of the processed data have also been completed.

The Company's technical team spent a week in the field with AME, scouting potential drilling locations.

1300m of surplus Company-owned 9-5/8" casing was transferred to operator AME for utilisation during future drilling.

The Company was advised by AME that their field crew discovered a significant live, light, 41.7° API oil seep, within a seismic shot hole approximately 4 km north of the recent Basur-3 location. The seep's API gravity is close to the 43° API gravity of AME's nearby producing East Sadak oil field and provides evidence of an active light oil petroleum system in the central area of the licence. Oil was recovered from a sandstone layer at approximately 10-15m from surface. Two new drill holes located 8m to the east and west were completed several days later and also recovered light oil to surface from the same depth.

Review confirmed the nearby Kezer-1 geothermal borehole, drilled in 2018, reported strong oil shows throughout the shallow Hoya formation and flowed heavily oil-cut fluids to surface on a short open-hole geothermal test. Kezer-1 was deemed unsuitable for geothermal purposes and abandoned.

Integration of this live oil seep, Kezer-1 borehole data and phase 2 seismic results has presented a new exciting potential shallow oil accumulation, Pinarova, of some 9 km<sup>2</sup> areal extent, located 6 km north of the Basur-1 oil discovery.

A new shallow Pinarova-1 exploration well is to be designed and drilled to test a working hypothesis that the light oil seep, located above the Pinarova structure, is directly fed by and connected to an underlying light oil accumulation within Eocene Hoya group limestones, 300-645m below surface. Both new and legacy seismic data

also show a series of vertically stacked seismic amplitude anomalies within the core of Pinarova's Hoya structure, possibly directly indicating hydrocarbons and/or the development of good reservoir within the Hoya or overlying Germik.

Post period, the Company and AME constructed the Pinarova-1 well pad and access road in March 2023. The well was spudded in early April and reached total depth of 600 metres in early May. Light oil shows were seen in the drill cuttings and oil was also seen in the mud pit. There was a strong crude oil odour observed over a 12-hour period. Open hole and cased hole logs were acquired. Flow testing was then carried out but was inconclusive.

AME and the Company jointly decided to temporarily suspend testing operations pending access to larger, more powerful, 7-inch perforating guns, capable of fully penetrating Pinarova's 9 3/4-inch casing and cement. The decision resulted from analysis of downhole pressure gauge data from testing operations, which indicated that the 4.5-inch perforating guns used had been unable to establish direct contact with the formation through the casing and cement.

Consequently, tests have not yet been able to assess the potential of the zones associated with the crude oil odour and oil at surface.

AME had previously advised that the 4.5-inch perforating guns were the largest available in-country and are now working with the sole licenced perforating gun provider in our operational area of SE Turkey to source the required equipment.

Geochemical analysis of samples of Pinarova oil collected from the mud pit, the nearby seismic shot-hole seep and from East Sadak-12's Beloka/Mardin reservoir is proceeding via laboratories in the UK and Norway.

#### **Principal risks and uncertainties of the Company**

The principal risks and uncertainties facing the Company are continuously monitored and reported to the board of directors ("the Board") on a regular basis. The Board reviews these risks and focuses on ensuring that effective systems of internal financial and non-financial controls are in place and monitored.

The Company's principal financial instruments are trade receivables, trade payables and cash at bank, and borrowings. The main purpose of these financial instruments is to fund the Company's operations.

It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken. The main risk arising from the Company's financial instruments is liquidity risk.

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's objective is to maintain a balance between continuity of funding from shareholders and Joint Operating Agreement partners and flexibility of operations in the use of its cash resources.

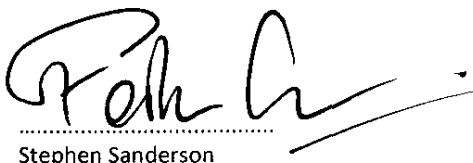
Exploration risk is the risk that the Company fails to locate and explore hydrocarbon bearing prospects that have the potential to deliver commercially, e.g. key wells are dry or less successful than anticipated. This is managed through the analysis of available technical information to determine work programme. Risk-sharing arrangements are entered into to reduce downside risk.

Permitting risk is the risk that the Company encounters issues and delays related to planning, environmental, licensing and other permitting activities which delay investee operations, particularly with exploration drilling operations.

#### **Key performance indicators ("KPIs")**

Due to the current status of the Company, the Board has not identified any performance indicators as key.

Signed on behalf of the Board by:



Stephen Sanderson

**UKOG TURKEY LTD  
DIRECTORS REPORT Cont'd**

**Directors of the company**

The directors who held office during the year were:

Stephen Paul Sanderson  
Kiran Morzaria

There are no other employees of the company.

**Charitable and political donations**

The Company made no political or charitable donations during the year (2021: £nil).

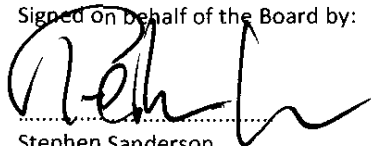
**Audit exemption**

For the year ended 30 September 2022 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of the accounts

Signed on behalf of the Board by:



Stephen Sanderson  
Director

14 June 2023

## **UKOG TURKEY LTD DIRECTORS REPORT**

The directors present their report and the financial statements for the year ended 30 September 2022.

### **Business review and future developments**

A review of the business and future developments is outlined in the Strategic Report.

### **Principal activity and business review**

The principal activity of the Company is the investment in onshore oil and gas exploration, development and production opportunities in Turkey.

### **Results and dividends**

The loss for the year after taxation is £136,422 (2021: £62,200). The directors do not recommend payment of a dividend (2021: £nil)

### **Principal risks and uncertainties**

Information of the principal risks and uncertainties facing the Company is included in the Principal Risks and Uncertainties section of the Strategic Report.

### **Financial risk management objectives and policies**

The Company's principal financial instruments are trade receivables, trade payables and cash at bank, and borrowings. The main purpose of these financial instruments is to fund the company's operations.

It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken. The main risk arising from the Company's financial instruments is liquidity risk. The Board reviews and agrees policies for managing this risk which are summarised in the strategic report.

### **Going Concern**

The Directors note the losses that the Company has made for the year ended 30 September 2022. The cost structure of the Company comprises a high proportion of discretionary spend and therefore in the event that cash flows become constrained, costs can be quickly reduced to enable the Company to operate within its available funding.

The company is reliant on the continued financial support of its parent company UK Oil and Gas Plc ("UKOG") for its working capital. UKOG has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company, and in particular will not seek repayment of the amounts already provided. The directors are satisfied with the ability of UKOG to meet this undertaking. For these reasons the Directors adopt the going concern basis in the preparation of the Financial Statements.

### **Suppliers' payment policy**

The Company's policy is to agree terms and conditions with suppliers in advance; payment is then made in accordance with the agreement provided the supplier has met the terms and conditions. Suppliers are typically paid within 30 days of issue of invoice.

### **Events after the Reporting Period**

There are no events after the Reporting Period.

**UKOG TURKEY LTD**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping 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.



**UKOG TURKEY LTD**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**Year ended 30 September 2022**

	Note	2022	2021
		£	£
Turnover		-	-
Cost of Sales		-	-
Gross profit		-	-
Administrative expenses		(136,422)	(62,200)
<b>Operating loss</b>	5	(136,422)	(62,200)
Exploration write off		-	-
<b>Loss before taxation</b>		(136,422)	(62,200)
Taxation	7	-	-
<b>Loss for the year</b>		(136,422)	(62,200)
Other comprehensive income		-	-
<b>Total comprehensive loss</b>		(136,422)	(62,200)

The company's results are derived from continuing operations

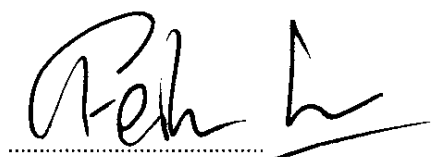
The notes on page 10 to 17 form part of these financial statements

**UKOG TURKEY LTD**  
**STATEMENT OF FINANCIAL POSITION**  
**30 September 2022**

	Note	30 September 2022 £	30 September 2021 £
<b>Non-current assets</b>			
Intangible assets	8	2,762,051	1,500,726
		<u>2,762,051</u>	<u>1,500,726</u>
<b>Current assets</b>			
Trade & other receivables	9	38,441	91,786
Cash and cash equivalents		12,125	10,984
		<u>50,566</u>	<u>102,770</u>
Creditors: amounts falling due within one year	10	(195,642)	(248,014)
<b>Net current assets / (liabilities)</b>		<u>(145,076)</u>	<u>(145,244)</u>
<b>Total assets less current liabilities</b>		<u>2,616,975</u>	<u>1,355,482</u>
Creditors: amounts falling due after more than one year	11	(2,811,035)	(1,417,682)
<b>Net assets</b>		<u>(194,060)</u>	<u>(62,199)</u>
<b>Equity</b>			
Ordinary shares	12	1	1
Share premium		-	-
Retained earnings		(194,061)	62,200
<b>Total Shareholders' funds</b>		<u>(194,060)</u>	<u>(62,199)</u>

- For the period ended 30 September 2022 the company was entitled to exemption under section 479A of the Companies Act 2006 relating to subsidiary companies.
- The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting period and the preparation of the accounts.

These financial statements were approved by the Board on 14 June 2023, and signed on its behalf by:



Stephen Sanderson  
Director

Registered number: 08808553

**UKOG TURKEY LTD**  
**STATEMENT OF CHANGES IN EQUITY**

	Share capital £	Share premium £	Retained earnings £	Total £
<b>At 1 October 2020</b>	1	-	-	1
Loss for the period	-	-	(62,200)	(62,600)
Other comprehensive income	-	-	-	-
<b>At 30 September 2021</b>	<u>1</u>	<u>-</u>	<u>(62,600)</u>	<u>(62,199)</u>
 <b>At 1 October 2021</b>	 1	 -	 (62,600)	 (62,199)
Loss for the year	-	-	(136,422)	(136,422)
Other comprehensive income	-	-	-	-
<b>At 30 September 2022</b>	<u>1</u>	<u>-</u>	<u>(198,622)</u>	<u>(198,622)</u>

The notes on pages 10 to 17 form part of these financial statements

**UKOG TURKEY LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 30 September 2022**

**1 General information**

UKOG Turkey Ltd holds interests in onshore Petroleum, Exploration and Development Licences in Turkey. The company is a private company and is incorporated and domiciled in England and Wales. The address of its registered office is The Broadgate Tower 8<sup>th</sup> Floor, 20 Primrose Street, London, EC2A 2EW.

**2 Authorisation of financial statements and statement of compliance with FRS 101**

The financial statements of UKOG Turkey Ltd (the "company") for the year ended 30 September 2022 were authorised for issue by the board of directors on 14 June 2023 and the balance sheet was signed on the board's behalf by Stephen Sanderson.

These financial statements were prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101').

**3 Significant Accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

**Basis of preparation**

The financial statements of UK GAAP Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The company has been determined to meet the criteria of a 'qualifying entity' under the definition in FRS 101. The financial statements in which the company is consolidated are available from the ultimate parent company as detailed in note 13.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 30 September 2022.

**Summary of disclosure exemptions**

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment, because the share based payment arrangement concerns the instruments of another group entity;
- the requirements of IFRS 7 Financial Instruments: Disclosures,
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement,
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - (iii) paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 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;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;

**UKOG TURKEY LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 30 September 2022**

**3 Accounting policies (continued)**

- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

**New and Amended Standards and Interpretations**

The Group has adopted the following new and amended IFRSs for the first time in the previous reporting period commencing 1 October 2020:

- Amendments to IAS 1 and IAS 8: Definition of material
- Amendments to References to the Conceptual Framework in IFRS Standards

There is no material impact on the financial statements following the adoption of these new standards and interpretations.

**Going concern**

The Directors note the losses that the Company has made for the year ended 30 September 2022. The cost structure of the Company comprises a high proportion of discretionary spend and therefore in the event that cash flows become constrained, costs can be quickly reduced to enable the Company to operate within its available funding. The company is reliant on the continued financial support of its parent company UK Oil and Gas plc ("UKOG") for its working capital. UKOG has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company, and in particular will not seek repayment of the amounts already provided. The directors are satisfied with the ability of UKOG to meet this undertaking. For these reasons the Directors adopt the going concern basis in the preparation of the Financial Statements.

**Revenue**

Revenue comprises the invoiced value of goods and services supplied by the Group, excluding value added tax and trade discounts.

Revenue from the sale of oil and petroleum products is recognised when control passes to the customer. This generally occurs when the product is physically transferred into a vessel, pipe or other delivery mechanism.

Revenue from the production of oil, from fields in which the company has an interest with other producers, is recognised based on the company working interest and the terms of the relevant production sharing contracts. Differences between oil lifted and sold and the company share of production are not significant.

Revenues from the sale of oil produced as a by-product of the evaluation or "testing" phase of a well are offset against the cost of the intangible asset that is being created.

**Intangible Exploration & Evaluation assets**

The Group accounts for exploration and evaluation costs in accordance with the requirements of IFRS 6 Exploration for and Evaluation of Mineral resources as follows:

- Pre-licence costs (costs incurred prior to obtaining the legal rights to explore an area) are expensed immediately to the Income Statement.
- Exploration licence and leasehold land and property acquisition costs are capitalised in intangible assets.

**UKOG TURKEY LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 30 September 2022**

**3 Accounting policies (continued)**

- Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit.
- Costs directly associated with an exploration well are capitalised as exploration and evaluation intangible assets until the drilling of the well is complete and the results have been evaluated. These costs include directly attributable employee remuneration, materials and consumables, drilling (including coring and sampling), evaluation of technical feasibility and commercial viability (including appraisal drilling and production testing).
- Revenues generated from the sale of hydrocarbons during this phase are offset against the cost of the intangible asset.

Exploration and evaluation assets are assessed for impairment at each reporting date, before reclassification and whenever facts and circumstances suggest that they may be impaired. If no future activity is planned, the licence has been relinquished or has expired, or where development is likely to proceed but there are indications that the exploration and evaluation asset costs are unlikely to be recovered in full either by development or through sale, the carrying value of the asset is written off to the Income Statement.

**Decommissioning**

A provision for decommissioning is recognised where a liability for the removal of production facilities or site restoration exists. A corresponding asset is included in the appropriate category of the Group's non-current assets (intangible exploration and evaluation assets and property, plant and equipment) depending on the underlying accounting treatment for the operations or asset leading to the decommissioning provision. The asset is assessed for impairment and depleted as necessary.

**Taxation**

The tax charge includes both current and deferred tax.

Current tax assets and liabilities are measured at the amount expected to be paid to or received from the tax authorities, calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Taxable profits or losses differ from the reported profit or loss before taxation in the Income Statement as it excludes items that are taxable or deductible in different periods, as well as items that are never deductible or taxable.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

**UKOG TURKEY LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 30 September 2022**

**3 Accounting policies (continued)**

**Financial Assets**

*Financial assets are categorised as loans and receivables. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired, and are recognised when the company becomes party to contractual arrangements. Loans and receivables are initially recorded at fair value.*

*Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade, most other receivables and cash and cash equivalents fall into this category of financial assets. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement.*

*Provision against trade receivables is made when there is objective evidence that the company will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.*

*Cash and cash equivalents comprise cash on hand and short-term deposits. Any interest earned is classified as interest income within finance income.*

*A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred, and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the company retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients.*

*A financial asset that is transferred qualifies for derecognition if the company transfers substantially all the risks and rewards of ownership of the asset, or if the company neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.*

**Financial Liabilities**

*Financial liabilities are obligations to pay cash or other financial assets and are recognised when the company becomes a party to the contractual provisions of the instrument.*

*All financial liabilities initially recognised at fair value less transaction costs and thereafter carried at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the income statement. A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.*

**Impairment of financial assets**

*At the end of each reporting period, a provision is made if there is sufficient evidence that a financial asset or group of financial assets has been impaired. Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.*

**UKOG TURKEY LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 30 September 2022**

**3 Accounting policies (continued)**

**Foreign Currencies**

The financial statements are presented in UK pound sterling, the functional currency of the Company. Transactions in other currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the profit or loss in the period in which they arise. Exchange differences on non-monetary items are recognised in other comprehensive income to the extent that they relate to a gain or loss on that non-monetary item taken to other comprehensive income, otherwise such gains and losses are recognised in the income statement.

The company's functional currency and presentational currency is Sterling.

**Fair value measurement**

The company measures financial instruments, such as derivatives, at fair value at each balance sheet date. From time to time, the fair values of non-financial assets and liabilities are required to be determined, e.g., when the entity acquires a business, or where an entity measures the recoverable amount of an asset or cash-generating unit (CGU) at FVLCD.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. From time to time external valuers are used to assess FVLCD of the company's non-financial assets. Involvement of external valuers is decided upon by the valuation committee after discussion with and approval by the company's director. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The valuation committee decides, after discussions with the company's external valuers, which valuation techniques and inputs to use for each case.

Changes in estimates and assumptions about these inputs could affect the reported fair value.

**4 Significant accounting judgements, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses during the reporting period, and reported amounts of assets and liabilities, and the disclosure of contingent liabilities at the date of the consolidated financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience



and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required, and where if actual results were to differ, this could materially affect the financial position for financial results reported in a future period. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements.

### **Judgements**

#### **(i) Contingencies**

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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 described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### **(i) Hydrocarbon reserve and resource estimates**

The Company estimates hydrocarbon reserves in line with the principles contained in the SPE Petroleum Resources Management Reporting System (PRMS) framework. As the economic assumptions used may change and as additional geological information is obtained during the operation of a field, estimates of recoverable reserves may change.

The volume of proved and probable oil and gas reserves is an estimate that affects the unit of production depreciation of producing oil and gas property, plant and equipment as well as being a significant estimate affecting decommissioning provisions, impairment calculations and the valuation of oil and gas properties in business combinations.

Contingent resources affect the valuation of exploration and exploration assets acquired in business combinations and the estimation of the recoverable value of those assets in impairment tests. Proved and probable reserves and contingent resources are estimated using standard recognised evaluation techniques. Estimates are reviewed at least annually and are regularly estimated by independent consultants. Future development costs are estimated taking into account the level of development required to produce the reserves by reference to operators, where applicable, and internal engineers.

<b>5 Operating loss</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Arrived at after charging / (crediting):		
Licence fee amortisation	-	-
Foreign exchange (gains) / losses	105,377	42,729
Auditors' remuneration	-	-
	<hr/>	<hr/>
<b>6 Directors Remuneration</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
K Morzaria	-	-
S Sanderson	-	-
	<hr/>	<hr/>

**UKOG TURKEY LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 30 September 2022**

There were no employees other than the Directors (2021: Nil). No directors received remuneration from the Company during the Period.

<b>7 Taxation</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
(a) Analysis of tax charged / (credited)		
<b>Current taxation</b>		
UK corporation tax	-	-
<b>Total current income tax</b>	-	-
<b>Deferred taxation</b>		
Current year (credit) / charge	-	-
Adjustments to the estimated recoverable amounts of deferred tax assets arising in previous periods	-	-
<b>Total deferred taxation</b>	-	-

(b) Factors affecting current tax charge / (credit)

The tax on loss before tax for the year differs from the standard rate of corporation tax in the UK of 19% (2021 – 19%). The differences are reconciled below:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
(Loss) before tax	(136,422)	(62,200)
Corporation tax at standard rate	(15,084)	(15,084)
Tax adjustment for non-deductible expenditure	10,642	10,642
Tax impact of capital allowances	-	-
Losses carried forward	4,441	4,441
Utilisation of losses brought forward	-	-
<b>Total tax charge / (credit)</b>	-	-

**8 Intangible assets**

<b>Cost</b>	<b>Tangible Assets</b>	<b>Exploration and evaluation assets</b>	<b>Total</b>
		<b>£</b>	<b>£</b>
At 1 October 2021	-	1,500,726	1,500,726
Additions	-	1,261,325	1,261,325
At 30 September 2022	-	2,762,051	2,762,051

**UKOG TURKEY LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 30 September 2022**

<b>9 Trade &amp; other receivables</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Other debtors and prepayments	38,441	91,786
	<u>38,441</u>	<u>91,786</u>

<b>10 Creditors: amounts falling due within one year</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Trade creditors	195,642	248,014
	<u>195,642</u>	<u>248,014</u>

<b>11 Creditors: amounts falling due after one year</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Amounts payable to ultimate parent	2,772,716	1,379,362
Amounts payable to other group companies	38,319	38,319
	<u>1,417,682</u>	<u>1,417,682</u>

<b>12 Share Capital</b>	<b>2022</b>		<b>2021</b>	
<b>Allotted, called up and fully paid shares</b>	<b>Number</b>	<b>£</b>	<b>Number</b>	<b>£</b>
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

**13 Ultimate parent undertaking**

The company's immediate, ultimate and controlling parent undertaking is UK Oil & Gas plc, a company incorporated in the United Kingdom.

The largest group in which the results of the company are consolidated is that headed by UK Oil & Gas plc. These financial statements are available upon request from UK Oil & Gas plc, The Broadgate Tower, 8<sup>th</sup> Floor, 20 Primrose Street, London, EC2A 2EW.

**14 Commitments & Contingent Liabilities**

Ongoing exploration expenditure is required to maintain title to the company's exploration permits. No provision has been made in the financial statements for these amounts as the expenditure is expected to be fulfilled in the normal course of the operations of the company.

There were no contingent liabilities at 30 September 2022.

## **15 Related parties**

As a wholly owned subsidiary of UK Oil and Gas plc the company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with other wholly owned group companies. There were no other related party transactions.