

**Company Registration No: 12756906 (England and Wales)**

**NEPTUNE ENERGY GROUP RESOURCING LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

THURSDAY



\*AC1TEM2G\*

A05

20/04/2023

#80

COMPANIES HOUSE

	Pages
General information	1
Strategic report	2 – 3
Directors' report	4 – 7
Independent auditor's report	8 – 10
Income statement	11
Statement of financial position	12
Statement of changes in equity	13
Notes to the financial statements	14 – 20

*Directors*

A T J Chilcott  
P D A Jones  
A J M Lumens  
B S Walker

*Registered office*

Nova North  
11 Bressenden Place  
London  
SW1E 5BY  
United Kingdom

*Auditor*

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF  
United Kingdom

*Company number and type*

Neptune Energy Group Resourcing Limited is a private limited company and is registered in England and Wales (No. 12756906)

The Directors present their Strategic report for Neptune Energy Group Resourcing Limited (the "Company") for the year ended 31 December 2022.

### Principal activities

The principal activity of the Company is the supply of employee services to companies within the Neptune Energy Group (being the group of companies comprising of Neptune Energy Group Limited and its subsidiaries and referred to in this annual report as the "Neptune Energy Group" or the "Group").

### Business review

The Company was incorporated on 20 July 2020 and is a wholly owned subsidiary of Neptune Energy Group Holdings Limited. The ultimate parent company is Neptune Energy Group Limited.

The Company commenced trading on 1 October 2020.

The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

### Principal risks and uncertainties

The key risks the Company is subject to are treasury related. For further discussion of these risks, please refer to note 10 Financial instruments on page 20.

### Key performance indicators

Neptune Energy Group monitors, reviews and assesses its operations at segment and geographical levels, therefore the Directors are of the opinion that analysis of the Company using KPIs is not appropriate for an understanding of the development, performance or position of the Company's business.

### Financial performance and position

The profit for the period ended 31 December 2022 was \$nil (2021:\$nil).

The statement of financial position on page 12 shows the Company has net assets of \$nil (2021: \$nil).

### Section 172(1) Statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this section 172 requires a director to have regard, amongst other matters, to the:

- Likely consequences of any decisions in the long-term;
- Interests of the company's employees;
- Need to foster the company's business relationships with suppliers, customers and others;
- Impact of the company's operations on the community and environment;
- Desirability of the company maintaining a reputation for high standards of business conduct; and
- Need to act fairly as between members of the company.

In discharging their section 172 duties, the Directors have regard to the factors set out above. The Directors also have regard to other factors which they consider relevant to the decision being made. The Directors acknowledge that every decision they make will not necessarily result in a positive outcome for all stakeholders. By considering the Company's purpose, vision and values together with its strategic priorities and having a clear process in place for decision-making, the Directors do, however, aim to make sure that their decisions are consistent and predictable.

As is normal for large groups, the Directors delegate authority for day-to-day management of the Company and other members of the Group to executives and then engage management in setting, approving and overseeing execution of the business strategy and related policies. The Directors are also senior members of the Neptune Energy Group Executive Management team and they regularly review health, safety and environmental matters, financial and operational performance as well as other areas over the course of the financial year including the Group's business strategy, key risks, employee-related matters, diversity and inclusivity, corporate responsibility, governance, compliance and legal matters. During 2022, the Directors were particularly focused on managing the environmental impact of our existing operations, while investing in lower carbon opportunities.

As a result of this the Directors have had an overview of engagement with stakeholders and other relevant factors which allows the Directors to understand the nature of the stakeholders' concerns and to comply with their section 172 duty to promote success of the Company. Please see the strategic report section of the 2022 Neptune Energy Group Midco Limited Annual Report for examples of how the Directors engaged with stakeholders in 2022.

By order of the Board:



Armand Lumens  
Director  
Date: 17 April 2023

Registered office:  
Nova North  
11 Bressenden Place  
London  
SW1E 5BY

Registered in England and Wales No: 12756906

The Directors present their report and the audited financial statement for Neptune Energy Group Resourcing Limited for the year ended 31 December 2022.

### **Directors**

The following served as Directors during the period and up to the date of this report, unless otherwise shown:

A T J Chilcott  
P D A Jones (appointed 1 January 2022)  
A J M Lumens  
B S Walker

### **Dividend**

The Directors did not propose an interim dividend for the year ended 31 December 2022 (2021: \$nil). The Directors have not proposed a final dividend (2021: \$nil).

### **Future developments**

The Company intends to continue to provide employee services to the Neptune Energy Group.

### **Going concern**

The Company's principal activity is to provide human resources to other companies within the Neptune Energy Group. The Company's cash flows are therefore reliant on the Neptune Energy Group. The Directors of the Company have therefore also considered the going concern assessment for the Group and received a letter of support from the ultimate parent, which covered a period to 30 June 2024 (being the Group Going Concern review period). On this basis, the Directors of the Company concluded that the Group retains sufficient liquidity and that therefore the going concern basis remains appropriate for the Company.

The going concern basis of the Company is supported by future cash flow forecasts of the Group that support the Company on an ongoing basis. Given the total available liquidity of the Group as at 31 December 2022 of \$1.2 billion, comprising cash of \$234.1 million and available and undrawn headroom under the Reserve Based Lending facility ("RBL") of \$995.0 million and capital resources arrangements in place (see note 20 of Neptune Energy Group Midco Limited Consolidated Annual Report and Accounts for the year ended 31 December 2022) for the Group, the accounts have been prepared on a going concern basis. The RBL is due to mature in the final quarter of the Group's going concern period to 30 June 2024. The Group continues to work with the bank syndicate with a view to refinancing the RBL facility in the first half of 2023, however it is acknowledged that this is currently not committed. As such the going concern analysis reflects the RBL maturing in the final quarter of the Group's going concern period, and no assumption has been made with respect to a refinancing of the facility.

In reaching the conclusion that the going concern basis is appropriate, stress testing of going concern cash flow forecasts and covenant compliance for the Group has been performed to evaluate the impact of plausible downside scenarios. These include scenarios that assume current commodity price levels as of early March 2023 are sustained through to 30 June 2024, which are significantly below the range of current market expectations for the going concern period. In addition, these scenarios consider the impact of unforeseen production outages. A reverse stress test has also been performed, which demonstrated that the Group is resilient to sustained low commodity prices more than 20% lower than those applied in the going concern cash flow forecast.

### **Going concern (continued)**

Under all plausible scenarios, the Directors of the Company concluded that the Group retains sufficient liquidity and headroom over its covenant ratio, and that therefore the going concern basis remains appropriate for the Company. The likelihood of the circumstances identified in the reverse stress test materialising is considered remote on the basis of market consensus for short-term commodity prices.

### **Engagement with stakeholders**

See the section 172(1) statement in the Strategic report and the strategic report section of the 2022 Neptune Energy Group Midco Limited Annual Report for examples of how the Directors engaged with various stakeholders and considered them in their decision making process.

### **Share capital**

The Company issued 100 £1 ordinary shares on incorporation.

### **Directors' interests in share capital**

As at 31 December 2022 the Directors' had no interests in the share capital of the Company. Certain Directors have an indirect economic interest in the share capital of the Company through their investments in Neptune Energy Group Limited.

### **Post balance sheet events**

There are no post balance sheet events.

### **Directors' and officers' liability**

Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the course of the financial year ended 31 December 2022 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which they may incur (or have incurred) in connection with their duties, powers or office. In addition, the Group maintains Directors' & Officers' Liability Insurance which gives appropriate cover for legal action brought against its Directors. The insurance does not provide cover in the event that the Director is proved to have acted fraudulently.

### **Employee engagement**

The Group conducted an employee engagement survey in 2022 and continued to operate an employee engagement forum, chaired by the group human resources director. There was also regular communication between leadership teams and staff through town halls, webinars, weekly CEO blogs and vlogs, Yammer, extended leadership meetings and many employee forums.

The Company believes diversity and equal opportunities empower its business and people. By championing both, the Company creates a high-performing workplace and a more resilient and innovative business. The Company wants its workforce to represent the societies in which we work and to create an environment where our people feel able to be themselves. Through deliberate actions, such as establishing our ED&I Committee and ED&I charter, good progress has been made in building a diverse and inclusive workplace. However, the Board understands that additional action is needed to make progress at the scale and pace needed to ensure greater diversity and inclusion, for example in relation to gender diversity. To that end, in November 2022, the Company launched an ambitious goal to achieve gender parity in all external hires and internal promotions, which applies across all bands, functions and locations. The Directors recognise diverse representation is not just about gender. Age, neurodiversity, sexual orientation, religion, political views, socioeconomic status and ethnicity are just as important. While these attributes are more challenging to measure, the Company will continue to look for ways to encourage broader diversity and inclusion in all aspects of the organisation and promote diversity of thought.

### **Employee engagement (continued)**

From recruitment to career development to promotion, the Company aims to ensure equal opportunities for all employees, regardless of age, gender, sexual orientation, ethnicity, marital status, religion or belief, disability or political view. The Company's policy is that people with disabilities should be given fair consideration for all vacancies against the requirements for the role. Where possible, the Company makes reasonable adjustments in job design and provides appropriate training for existing employees who are or become disabled. Neptune are committed to treating everyone with dignity and respect, and to providing a workplace that is free from discrimination, harassment and bullying.

### **Financial instruments and financial risk management**

The Company's Directors are required to comply with Neptune Energy Group risk management policies, which include specific guidelines on the management of market, credit and liquidity risk, and advice on the use of financial instruments to manage them.

The Company did not transact in derivative financial instruments during the year. Financial risks that are specific to the Company are discussed in note 10 of these financial statements.

### **Appointment of auditors**

Pursuant to Section 487 of the Companies Act 2006, Ernst & Young LLP (the auditors) are deemed to have been reappointed and remain in office as the auditors of the company.

### **Disclosure of information to auditors**

Each of the Directors who held office at the date of approval of this report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and that they have taken all steps they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **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.

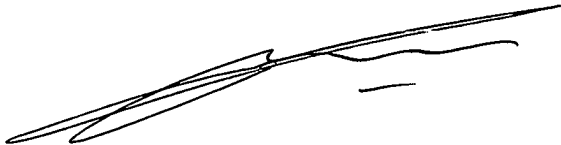
Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law)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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable United Kingdom 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 disclosure with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with 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.

By order of the Board:



Armand Lumens  
Director  
Date: 17 April 2023

Registered office:  
Nova North  
11 Bressenden Place  
London  
SW1E 5BY

Registered in England and Wales No: 12756906

### **Opinion**

We have audited the financial statements of Neptune Energy Group Resourcing Limited (the 'Company') for the year ended 31 December 2022 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2022 and of its result 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards of Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the period to 30 June 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

**Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to reporting framework (United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" and the Companies Act 2006) and the relevant UK tax compliance regulations;

- We understood how the Company is complying with those frameworks by making enquiries of those charged with governance, management, and those responsible for legal and compliance procedures. We corroborated our inquiries through reading Board minutes noting that there was no contradictory evidence;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by inquiring of management to understand where they considered there was susceptibility to fraud. Where this risk was considered to be higher, we performed audit procedures to address each fraud risk or other risk of material misstatement. These procedures included those on recoverability of loans receivable from the immediate parent company, accrued interest income and testing journal entries and were designed to provide reasonable assurance that the financial statements were free from material fraud or error; and
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiries of management; inquiries of those charged with governance; and journal entry testing with a focus on journals meeting our defined risk criteria.

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

#### **Use of this report**

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.

Ernst & Young LLP

**Mark Woodward**

**Senior statutory auditor**

for and on behalf of Ernst & Young LLP,  
Statutory auditor  
London

Date: 17 April 2023

Neptune Energy Group Resourcing Limited  
Financial statements  
For the year ended 31 December 2022

Income statement

\$000	Notes	Year ended 31 December 2022	Period from 20 July 2020 to 31 December 2021
Revenue	3	4,188	3,474
General and administration expenses		(4,164)	(3,477)
<b>OPERATING PROFIT/(LOSS) BEFORE FINANCIAL ITEMS</b>	<b>4</b>	<b>24</b>	<b>(3)</b>
Finance income	6	-	11
Finance costs	6	(24)	(8)
<b>PROFIT BEFORE TAX</b>		<b>-</b>	<b>-</b>
Taxation	7	-	-
<b>NET PROFIT</b>		<b>-</b>	<b>-</b>

The results for the period are derived solely from continuing operations.

There was no other comprehensive income and therefore the total comprehensive income is the same as that presented in the income statement.


The notes on pages 14 to 20 form part of these financial statements.

**Statement of financial position**

\$000	Notes	31 December 2022	31 December 2021
<b>CURRENT ASSETS</b>			
Trade and other receivables	8	701	712
<b>TOTAL CURRENT ASSETS</b>		<b>701</b>	<b>712</b>
<b>TOTAL ASSETS</b>		<b>701</b>	<b>712</b>
Share capital	11	-	-
Retained earnings		-	-
<b>TOTAL EQUITY</b>		<b>-</b>	<b>-</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	701	712
<b>TOTAL CURRENT LIABILITIES</b>		<b>701</b>	<b>712</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>701</b>	<b>712</b>

The notes on pages 14 to 20 form part of these financial statements.

The financial statements were approved on 17 April 2023 by the Board of Directors and were signed on its behalf by:



**Armand Lumens**  
Director

Registration number: 12756906

**Statement of changes in equity**

\$000	Notes	Share capital	Retained earnings	Total
<b>As at 20 July 2020 (incorporation)</b>		-	-	-
Profit for the period		-	-	-
<b>Total comprehensive income</b>		-	-	-
<b>Transactions with owners of the Company:</b>				
Issue of share capital	11	-	-	-
<b>Balance 31 December 2021</b>		-	-	-
Profit for the year		-	-	-
<b>Total comprehensive income</b>		-	-	-
<b>Balance 31 December 2022</b>		-	-	-

The notes on pages 14 to 20 form part of these financial statements.

### **General company information**

The Company is a limited company, which is incorporated in England and Wales. The registered office is Nova North, 11 Bressenden Place, London SW1E 5BY.

#### **1 Ultimate parent undertaking**

The immediate parent company is Neptune Energy Group Holdings Limited. The ultimate parent undertaking and controlling party is Neptune Energy Group Limited.

Neptune Energy Group Limited, which is incorporated in England and Wales, is the parent undertaking of the largest group to consolidate these financial statements. The smallest group into which the Company is consolidated is that of which Neptune Energy Group Holdings Limited is the parent undertaking. Neptune Energy Group Limited and Neptune Energy Group Holdings Limited are registered in England and Wales. Copies of the Group consolidated accounts may be obtained from the Company Secretary, Nova North, 11 Bressenden Place, London SW1E 5BY.

#### **2 Material accounting policies**

##### **Basis of preparation and accounting principles**

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"), using historical cost convention, except for certain items measured at fair value. The financial statements cover 12 months (comparatives cover 18 months).

The Company has early adopted amendments to IAS 1 and IAS 8 – refer to page 15.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirement of International Financial Reporting Standards as adopted by the UK ("Adopted IFRSs"), but makes amendments where necessary in order to take advantage of the FRS 101 disclosure exemptions.

##### **Going concern**

The Company's principal activity is to provide human resources to other companies within the Neptune Energy Group. The Company's cash flows are therefore reliant on the Neptune Energy Group. The Directors of the Company have therefore also considered the going concern assessment for the Group and received a letter of support from the ultimate parent, which covered a period to 30 June 2024 (being the Group Going Concern review period). On this basis, the Directors of the Company concluded that the Group retains sufficient liquidity and that therefore the going concern basis remains appropriate for the Company.

The going concern basis of the Company is supported by future cash flow forecasts of the Group that support the Company on an ongoing basis. Given the total available liquidity of the Group as at 31 December 2022 of \$1.2 billion, comprising cash of \$234.1 million and available and undrawn headroom under the RBL facility of \$995.0 million and capital resources arrangements in place (see note 20 of Neptune Energy Group Midco Limited Consolidated Annual Report and Accounts for the year ended 31 December 2022) for the Group, the accounts have been prepared on a going concern basis. The RBL is due to mature in the final quarter of the Group's going concern period to 30 June 2024. The Group continues to work with the bank syndicate with a view to refinancing the RBL facility in the first half of 2023, however it is acknowledged that this is currently not committed. As such the going concern analysis reflects the RBL maturing in the final quarter of the Group's going concern period, and no assumption has been made with respect to a refinancing of the facility.



## 2 Material accounting policies (continued)

### Going concern

In reaching the conclusion that the going concern basis is appropriate, stress testing of going concern cash flow forecasts and covenant compliance for the Group has been performed to evaluate the impact of plausible downside scenarios. These include scenarios that assume current commodity price levels as of early March 2023 are sustained through to 30 June 2024, which are significantly below the range of current market expectations for the going concern period. In addition, these scenarios consider the impact of unforeseen production outages. A reverse stress test has also been performed, which demonstrated that the Group is resilient to sustained low commodity prices more than 20% lower than those applied in the going concern cash flow forecast.

Under all plausible scenarios, the Directors of the Company concluded that the Group retains sufficient liquidity and headroom over its covenant ratio, and that therefore the going concern basis remains appropriate for the Company. The likelihood of the circumstances identified in the reverse stress test materialising is considered remote on the basis of market consensus for short-term commodity prices.

### New standards, interpretations and amendments adopted by the Company

Certain amended accounting standards and interpretations have been applied by the Company for the first time for the annual reporting period commencing on 1 January 2022. These have not had any material impact on the disclosures or on the amounts reported in these financial statements, nor are they expected to significantly affect future periods. The adoptions made are as follows:

- Amendments to *IAS 1 Presentation of Financial Statements* issued February 2021 due to be effective for accounting periods commencing 1 January 2023. This amendment replaces the requirement for entities to disclose their 'significant' accounting policies with the requirement to disclose their 'material' accounting policies. The Company has early adopted this amendment.
- Amendments to *IAS 8 Accounting Policies, Changes to Accounting Estimates and Errors* issued February 2021 due to be effective for accounting periods commencing 1 January 2023. The amendments introduces a new definition of 'accounting estimates' and clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. The Company has early adopted this amendment.

Several other financial reporting amendments and interpretations apply for the first time in 2022, but do not have a significant impact on the consolidated financial statements of the Company. Furthermore, as at the date of authorisation of these financial statements there are certain other new and revised IFRS Standards that have been issued but are not yet effective. None of these items are expected to have a material impact on the financial statements of the Company in the future.

### Summary of disclosure exemptions

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

- a) IFRS 7, 'Financial instruments: disclosures';
- b) Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- c) Paragraph 38 of IAS 1, 'Presentation of financial statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1, 'Presentation of financial statements';
- d) Paragraphs 10(d), 10(f), 16, 38A, 38B, 40A to 40D, 111 and 134 to 136 of IAS 1, 'Presentation of financial statements';
- e) IAS 7, 'Statement of cash flows';
- f) Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors';
- g) Paragraphs 17 and 18A of IAS 24, 'Related party disclosures';
- h) 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
- i) Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, 'Impairment of assets'.

## 2 Material accounting policies (continued)

### **Significant accounting judgements and estimates**

Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In determining and applying accounting policies, judgement is often required where the choice of specific policy, assumption or accounting estimate to be followed could materially affect the reported amounts of assets, liabilities, income and expenses, should it later be determined that a different choice be more appropriate. Estimate and assumptions are reviewed on an ongoing basis and are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

The judgements used when calculating the expected credit losses (ECLs) allowance relate to estimating the probability of default. A deterioration in a counterparty credit rating is likely to materially impact the probability of default and therefore the ECL allowance. The Company believes that there are no other specific judgements or estimate that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### **Foreign currency translation**

#### *Presentation and functional currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in US dollars, which is the Company's presentation and functional currency.

#### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are remeasured at the end of each accounting period. Foreign exchange gains and losses resulting from the settlement or revaluation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges (if applicable). Foreign exchange gains and losses included in net income are presented within 'Foreign exchange gain/loss' as part of finance income/expense.

### **Financial instruments**

Financial instruments are recognised and measured in accordance with IFRS 9. Financial assets primarily include other receivables and are analysed into current and non-current assets in the statement of financial position. On initial recognition, other receivables are recorded at fair value, which generally corresponds to their nominal value. Impairment losses are recorded based on the estimated risk of non-recovery.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. If the Company neither retains nor transfers substantially all the risks and rewards, but has not retained control of the financial assets, it also derecognises the asset.

### **Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

## 2 Material accounting policies (continued)

### Revenue

Revenue is recognised at the point the customer benefits from the service at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

### Finance income and expense

Interest income and interest expense for financial instruments measured at amortised cost are recognised in finance income and finance expense respectively in the income statement and are calculated using the effective interest rate method.

## 3 Revenue

Revenue, which excludes value added tax, represents amounts receivable for the provision of employee services to companies within the Neptune Energy Group.

## 4 Operating profit/(loss)

Operating profit/(loss) is stated after charging:

### Employee costs

	Year ended 31 December 2022	Period 20 July 2020 to 31 December 2021
\$'000		
Wages and salaries	3,805	3,296
Social security costs	67	4
Pension costs	217	147
	<b>4,089</b>	<b>3,447</b>

The average number of persons employed by the Company during the period was 14 (2021: 6).

The Company operates defined contribution pension schemes for staff. The contributions are payable to external funds which are administered by independent trustees. Contributions during the year amounted to \$217,000 (2021: \$147,000).

The auditors' remuneration of \$20,000 (2021: \$20,000) has been borne by another group company. Any fees paid to the Company's auditors and its associates for services other than the statutory audit of the Company are not disclosed in these financial statements since the consolidated financial statements of the Company's ultimate parent, Neptune Energy Group Limited, are required to disclose non-audit fees on a consolidated basis.

## 5 Directors' remuneration

The Directors received no remuneration for their services to the Company during the period. The Directors are employed by, and receive remuneration for services from, Neptune Energy Group Holdings Limited, carrying out strategic planning and management for the Neptune Energy Group as a whole.

## 6 Finance income and costs

\$000	Year ended 31 December 2022	Period 20 July 2020 to 31 December 2021
Foreign exchange gain	-	11
<b>Total finance income</b>	<b>-</b>	<b>11</b>

\$000	Year ended 31 December 2022	Period 20 July 2020 to 31 December 2021
Interest expense to group undertakings	11	8
Foreign exchange loss	13	-
<b>Total finance costs</b>	<b>24</b>	<b>8</b>

## 7 Taxation

The charge for taxation comprises:

\$000	Year ended 31 December 2022	Period 20 July 2020 to 31 December 2021
<b>Current tax</b>		
Current tax on profit for the period	-	-
<b>Total tax charge</b>	<b>-</b>	<b>-</b>

The tax charge in the income statement for the period is lower than the standard rate of corporation tax of 19% (2021: 19%). The charge for the period can be reconciled to the profit per the income statement as follows:

\$000	Year ended 31 December 2022	Period 20 July 2020 to 31 December 2021
Profit before taxation	-	-
Tax on profit at standard UK tax rate of 19% (2021: 19%)	-	-
Add/(deduct) the tax effect of:		
Non-deductible expenditure	-	-
<b>Total tax charge</b>	<b>-</b>	<b>-</b>

Finance Act 2021 increased the main rate of UK corporation tax to 25% from 1 April 2023.

The change in rate will impact the company's future current tax charge accordingly but has no impact on this year's results or financial position of the Company. The Company does not recognise any deferred tax.

## 8 Trade and other receivables

\$000	Year ended 31 December 2022	Period 20 July 2020 to 31 December 2021
Amounts owed by group undertakings	193	461
Other receivables owed by group undertakings	493	251
Other receivables	15	-
<b>Current trade and other receivables</b>	<b>701</b>	<b>712</b>
<b>Total trade and other receivables</b>	<b>701</b>	<b>712</b>

Amounts owed by group undertaking, Neptune Energy Finance Limited, are unsecured, bear interest at SOFR plus between 127 and 204 basis points per annum (2021: LIBOR plus between 115 and 128 basis points per annum) and are repayable on demand.

Other receivables owed by group undertaking, Neptune Energy Touat BV, are unsecured, interest free and are repayable on demand.

## 9 Trade and other payables

\$000	Year ended 31 December 2022	Period 20 July 2020 to 31 December 2021
Trade payables	36	-
Other liabilities	104	425
Accruals	561	287
<b>Current borrowings and other liabilities</b>	<b>701</b>	<b>712</b>
<b>Total borrowings and other liabilities</b>	<b>701</b>	<b>712</b>

## 10 Financial instruments

### *Treasury policy and risk management*

The principal risk the Company faces is Counterparty risk. Failure to manage this risk could have a material impact on the Company's cash flow and financial position.

### *Credit risk*

The Company is exposed to credit risks, being the loss that would be recognised if counterparties failed to or are unable to meet their payment obligations. These risks may arise through the lending of funds. The Company mitigates these risks by lending only to members of the Neptune Energy Group, considering the financial and credit condition of banks with whom it maintains bank accounts, analysing each counterparty's financial condition prior to entering into transactions and monitoring for individual transaction and concentration risk.

### *Foreign currency risk*

The company operates internationally, it is therefore exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and Sterling. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Company is exposed to currency risk, defined as the impact on its statement of financial position and income statement off fluctuations in exchange rates effecting its operating and financing activities. Currency risk comprises transaction risk arising in the ordinary course of business.

## 10 Financial instruments (continued)

### *Climate change risk*

Climate change risk is the risk that the Group fails to manage the impact of climate change due to evolving regulatory policies. Subsequent related commodity price volatility or access to markets could affect portfolio commerciality, the licence to operate and impact Neptune's access to capital funding. Please refer to the 2022 Neptune Energy Group Midco Limited Annual Report for more information on how the Group is managing climate change risk and what it is doing in ESG areas.

## 11 Called up share capital

	Number	\$000
<b>Allotted, called up and fully paid</b>		
Issued on incorporation	100	-
<b>As at 31 December 2021 and 31 December 2022</b>	<b>100</b>	<b>-</b>

The Company issued 100 £1 ordinary share on incorporation.

## 12 Related parties

Refer to note 8 for details of amounts owed from other group companies.

## 13 Post balance sheet events

There are no post balance sheet events.