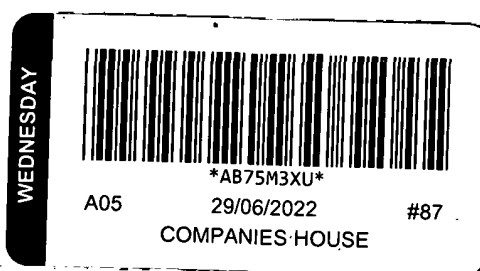


**ENI HEWETT LIMITED
ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021**

REGISTERED OFFICE

**6 Queens Road
Aberdeen
AB15 4ZT
Scotland**

Registered number: SC090159



ENI HEWETT LIMITED

DIRECTORS AND REGISTERED OFFICE

BOARD OF DIRECTORS

N Aggogeri
F Pagano
R P Waterlow

SECRETARY

R D'Abreo

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH
United Kingdom

REGISTERED OFFICE

6 Queens Road
Aberdeen
AB15 4ZT
Scotland

REGISTERED IN SCOTLAND NO: SC090159

ENI HEWETT LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the company for the year ended 31 December 2021.

Principal activities

Eni Hewett Limited (the company) is wholly owned by Eni UK Limited, which is an indirect subsidiary of Eni S.p.A., an integrated energy company operating in the oil and natural gas, electricity generation, petrochemicals, oil field services and engineering industries. Eni S.p.A., operates internationally in about 68 countries and employs around 31,000 people. Eni S.p.A. is listed on the Milan and New York Stock Exchanges. The company is a private company.

The company was engaged in gas exploration and production in the United Kingdom until July 2021. On 2 July 2021 the transfer of operatorship of the Hewett Area from the company to Eni UK Limited was completed. The remaining activities were then transferred to Eni UK Limited, the parent company.

Since July 2021 the company has had limited activity.

The Deborah Gas Storage Project (DGSP) is a seasonal gas storage development planned for the Deborah reservoir (located in UKCS Block 48/30a) which will be connected to the National Transmission System at Bacton, via the company's production terminal. During 2012, based on the delays in the UK Government's energy market reforms and challenges in financing the project due to economic conditions, the directors concluded that it was unlikely to reach a financial investment decision in the near future and therefore agreed to provide against the DGSP asset in full as of 31 December 2012. Since 2013, these uncertainties around the project still existed and accordingly no progress has been made on the project.

Results and dividends

The results for the year are set out on page 7 of the financial statements. There was a loss for the financial year ended 31 December 2021 of £586,000 (2020 – loss of £11,431,000). No dividend was paid in the year (2020: £nil).

Directors

The present directors of the company are listed on page 1 and have held office throughout the year and up to the date of signing the financial statements with the following exceptions:

- N Aggogeri was appointed as a director on 28 May 2021.
- C A Pagano resigned as a director on 8 April 2021.
- A Mongini was appointed as a director on 8 April 2021 and resigned as a director on 28 May 2021.
- G L Ferrara resigned as a director on 24 March 2022.
- F Pagano was appointed as a director on 24 March 2022.

Certain directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Post balance sheet events

There are no post balance sheet events to report.

The military action between Russia and Ukraine that developed following the year end, alongside the imposition of international sanctions, have a pervasive economic impact not only on businesses in Russia and Ukraine, but also globally where businesses engage in economic activities that might be affected by the recent developments. The company has no assets, operations or activities in Russia and Ukraine nor is it party to any contracts or transactions involving Russian registered counterparties. Accordingly, the company will not be directly affected by any internationally imposed sanctions covering such assets, operations, activities, contracts or transactions.

Going concern

The company has a net equity position of £3,633,000 as of 31 December 2021 (2020 – £4,219,000) and a cash balance of £25,622,000 (2020: £20,460,000). The directors are satisfied that the company has adequate financial resources, including access to Eni group financial resources, if required, to continue to operate for the foreseeable future being not less than twelve months from the date of signing of these financial statements and meet its obligations as they fall due. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

ENI HEWETT LIMITED

DIRECTORS' REPORT

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

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

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Provision of information to auditors

The directors, as at the date of this report, have confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

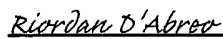
Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

Small company exemption

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies. The company has also taken the exemption from the requirement to present a strategic report, in accordance with S414B of the Companies Act 2006.

By order of the Board


Riordan D'Abreo (Apr 1, 2022 11:30 GMT+1)

R D'Abreo
Secretary
1 April 2022

Independent auditors' report to the members of Eni Hewett Limited

Report on the audit of the financial statements

Opinion

In our opinion, Eni Hewett Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2021; the statement of comprehensive income and the statement of changes in shareholders' equity for the year then ended; the statement of accounting policies; and the notes to the financial statements.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that

Independent auditors' report to the members of Eni Hewett Limited (continued)

there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the annual report and the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to relevant tax regulations in the jurisdictions in which the company operates, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

Independent auditors' report to the members of Eni Hewett Limited (continued)

- enquiry of management and the company's in-house legal team, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- enquiry of staff in the company's tax function to identify any instances of non-compliance with laws and regulations;
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- reviewing minutes of meetings of those charged with governance; and
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates to address the risk of management bias.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

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



Kevin McGhee (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
1 April 2022

ENI HEWETT LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Discontinued 2021 £'000	Continuing 2021 £'000	Total 2021 £'000	Discontinued 2020 £'000	Continuing 2020 £'000	Total 2020 £'000
Revenue	3	-	-	-	2,006	-	2,006
Other service costs and expenses	6	(106)	(169)	(275)	(11,386)	(136)	(11,522)
Depreciation	11,12	-	-	-	(19,524)	-	(19,524)
Other income	7	672	517	1,189	14,682	-	14,682
Operating profit/(loss)	4	566	348	914	(14,222)	(136)	(14,358)
Loss on disposal	2	(181)	-	(181)	-	-	-
Interest receivable and similar income	8	-	8	8	389	207	596
Interest payable and similar expenses	9	-	(342)	(342)	(2,606)	(2,487)	(5,093)
Profit/(loss) before taxation		385	14	399	(16,439)	(2,416)	(18,855)
Tax on profit/(loss)	10	(985)	-	(985)	7,424	-	7,424
(Loss)/profit for the financial year		(600)	14	(586)	(9,015)	(2,416)	(11,431)
Other comprehensive income for the year, net of tax		-	-	-	-	-	-
Total comprehensive (expense)/income for the year		(600)	14	(586)	(9,015)	(2,416)	(11,431)

All results are attributable to the equity holders.

ENI HEWETT LIMITED

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital	Capital contribution reserve	Accumulated losses	Total shareholders' equity
	£'000	£'000	£'000	£'000
Balance at 1 January 2020	3,036	-	(187,386)	(184,350)
Total comprehensive expense for the year	-	-	(11,431)	(11,431)
<i>Transactions with owners in their capacity as owners:</i>				
Capital contribution	-	200,000	-	200,000
Balance at 31 December 2020	3,036	200,000	(198,817)	4,219
Total comprehensive expense for the year	-	-	(586)	(586)
Balance at 31 December 2021	3,036	200,000	(199,403)	3,633

**BALANCE SHEET
AS AT 31 DECEMBER 2021**

	Notes	2021 £'000	2020 £'000
Assets			
Current assets			
Cash and cash equivalents	14	25,622	20,460
Trade and other receivables	13	7,490	41,000
		<u>33,112</u>	<u>61,460</u>
Assets of disposal groups held for sale	2	-	27,508
Total assets		<u>33,112</u>	<u>88,968</u>
Liabilities			
Current liabilities			
Trade and other payables	15	8,012	28,867
Provisions for liabilities	17	4,925	4,945
		<u>12,937</u>	<u>33,812</u>
Liabilities of disposal groups held for sale	2	-	29,115
Non-current liabilities			
Provisions for liabilities	17	16,542	21,822
Total liabilities		<u>29,479</u>	<u>84,749</u>
Shareholders' equity			
Share capital	18	3,036	3,036
Capital contribution reserve		200,000	200,000
Accumulated losses		(199,403)	(198,817)
Total shareholder's equity		<u>3,633</u>	<u>4,219</u>
Total liabilities and shareholders' equity		<u>33,112</u>	<u>88,968</u>

The financial statements from page 7 to 23 were approved by the Board on 11 March 2022 and were signed by an authorised director on behalf of the Board, at a later date.

On behalf of the Board

Francesco Pagano
Francesco Pagano (Apr 1, 2022 11:41 GMT+1)

F Pagano
Director
1 April 2022

STATEMENT OF ACCOUNTING POLICIES

A summary of the principal accounting policies which have been applied throughout the year is set out below.

General information

The company is a limited liability company, by shares, incorporated and domiciled in Scotland, United Kingdom.

The company was a participant in consortia involved in the exploration and production of gas in the UK sector of the North Sea. As a participant, the company incorporated into its accounting records its share of expenditure, returns of income, expenditure, assets and liabilities of the consortia.

As a result of the transfer of the company's entire participating interest in the Hewett Area fields to Eni UK Limited on 2 July 2021 and the subsequent transfer of the operatorship the company is no longer a participant in the consortia.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

Going concern

The company has a net equity position of £3,633,000 as of 31 December 2021 (2020 – £4,219,000) and a cash balance of £25,622,000 (2020: £20,460,000). The directors are satisfied that the company has adequate financial resources, including access to Eni group financial resources, if required, to continue to operate for the foreseeable future being not less than twelve months from the date of signing of these financial statements and meet its obligations as they fall due. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to:

- (a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (b) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- (c) the requirements of IAS 7 Statement of Cash Flows;
- (d) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- (e) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in relation to standards not yet effective;
- (f) the requirements of paragraph 74A(b) of IAS 16
- (g) the requirements of 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.

Where required, equivalent disclosures are given in the group financial statements of Eni S.p.A. The group financial statements of Eni S.p.A. are available to the public via the internet.

The accounting policies have been applied consistently, other than where new policies have been adopted.

New and amended standards adopted

The company has applied the following standards and amendments for the first time for the annual reporting commencing on 1 January 2021:

Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The amendments listed above did not have any impact on the amounts recognised in prior periods and do not have a material impact on the entity in the current and future periods and on foreseeable future transactions.

Following the financial crisis, the reform and replacement of benchmark interest rates such as GBP LIBOR and other interbank offered rates ('IBORs') has become a priority for global regulators. The replacement rate of SONIA will be utilised going forward on GBP balances. Transition from LIBOR to alternative loan/deposit interest rate reference benchmark does not have a material impact on the activities of the entity. No complex financial instruments are held which would be impacted by this transition.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the company. These standards do not have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

STATEMENT OF ACCOUNTING POLICIES

Assets and liabilities held for sale

Assets and liabilities classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the assets are available for sale in their present condition.

Discontinued operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

Leases

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the company under residual value guarantees
- the exercise price of a purchase option if the company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the company, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

STATEMENT OF ACCOUNTING POLICIES

Leases (continued)

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment, vehicles and small items of office furniture.

Interests in joint arrangements

IFRS 11 defines a joint arrangement as an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

IFRS 11 classifies joint arrangements into two types i.e. joint operations and joint ventures. A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The company participates in joint operations which involve the joint control of assets used in the company's oil and gas exploration and producing activities. Interests in joint operations are recognised by including the company's share of assets, liabilities, income and expenses on a line-by-line basis. Liabilities and expenses incurred directly in respect of interests in joint operations are accounted for on an accrual basis. Income from the sale or use of the company's share of the output of joint operations, and its share of joint operation expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the company and their amount can be measured reliably.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, the Company's current bank accounts and short-term deposits originally due, generally, within 90 days, readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

Cash deposited in some bank accounts held with Banque Eni SA (BESA)¹ may be subject to cash pooling arrangements with the ultimate parent company Eni S.p.A². The Company has the full availability of these bank accounts without any restrictions; neither BESA nor the ultimate parent company can block withdrawals. Cash pooling accounts are balanced on a daily basis and the true intent of these accounts is to ensure settlements of payments to vendors and/or cash collections from customers.

Deposits held with Eni Finance International S.A. (EFI)³ are classified as cash equivalents considering that: (i) they are highly liquid, available on demand or in the short term and have terms that are similar to those which would be expected if the deposits had been made with an independent third party financial institution; (ii) EFI maintains sufficient cash and liquid resources, along with access to credit lines, to meet all inter-company obligations simultaneously. The Company has full availability of the deposits held with EFI (i.e. no restriction to modify maturity date); if the Company needs to terminate earlier a deposit, there is no penalty on the change of period requested.

Provisions

Provisions are recognised when: (i) there is a current obligation (legal or constructive), as a result of a past event; (ii) it is probable that the settlement of that obligation will result in an outflow of resources embodying economic benefits; and (iii) the amount of the obligation can be reliably estimated.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date or to transfer it to third parties at that time.

Foreign currencies

The company's functional and presentation currency is Sterling. All financial information has been rounded to the nearest thousand (£'000), unless otherwise indicated. Transactions denominated in a foreign currency are converted to sterling at rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated at the rates ruling at the balance sheet date. The resulting exchange gains or losses are recognised in the profit or loss.

¹ BESA is a Belgian regulated bank subject to the banking regulatory requirements.

² Although Eni SpA is not a financial institution, it performs its financial activities within specific Board approved limits.

³ EFI is the company responsible for the centralised funding of some foreign Eni Group companies and for collecting their financial surpluses.

STATEMENT OF ACCOUNTING POLICIES

Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is recognised in other comprehensive income or directly in equity, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Revenue from contracts with customers

The company is principally engaged in oil and gas exploration and production. Revenue from contracts with customers is recognised when or as the company satisfies a performance obligation by transferring control of a promised good or service to the customer. The company has generally concluded that it is the principal in its revenue contracts because it typically controls the products before transferring them to the customer. The transfer of control generally coincides with title passing to the customer and products having reached the processing terminal or when the products are lifted. The company principally satisfies its performance obligations at a point in time. When, or as, a performance obligation is satisfied, the company recognises as revenue the amount of the transaction price that is allocated to that performance obligation. The transaction price is the amount of consideration to which the company expects to be entitled in exchange for those products. Contracts from the sale of commodities are typically priced by reference to quoted prices.

Financial instruments

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. Trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The company's financial assets and liabilities at amortised cost includes trade and other receivable and trade and other payables.

Impairment of financial assets

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).

For trade receivables and contract assets, the company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

STATEMENT OF ACCOUNTING POLICIES

Use of accounting estimates, judgements and assumptions

The company's financial statements are prepared in accordance with FRS 101. This requires the use of estimates and assumptions that affect the assets, liabilities, revenues and expenses reported in the financial statements, as well as amounts included in the notes thereto, including discussion and disclosure of contingent liabilities. Estimates made are based on complex or subjective judgments, past experience or other assumptions deemed reasonable in consideration of the information available at the time. The accounting policies and areas that require the most significant judgements and estimates to be used in the preparation of the financial statements are in relation to the accounting for provisions and impairment of property, plant and equipment. Although the company uses its best estimates and judgements, actual results could differ from the estimates and assumptions used.

A summary of a significant estimate is as follows:

- a) Fair value less cost of disposal of a disposal group
The assessment of determining the fair value less cost of disposal of a disposal group requires estimates such as consideration amount and timing of the completion of disposal and could result in expected values other than the actual ones.
- b) The recognised onerous contract provision is based on future cost estimates and incorporates assumptions such as the discount rate and timing of cash outflows.

ENI HEWETT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Parent undertakings

The company's immediate parent undertaking is Eni UK Limited, a company incorporated in the UK.

The company's ultimate parent undertaking, Eni S.p.A., a company incorporated in Italy with registered office at Piazzale Enrico Mattei, 100144 Rome, will produce consolidated financial statements for the year ended 31 December 2021, which will be available from its website (www.eni.com) or on request to Eni S.p.A., Via Emilia 1, 20097 San Donato Milanese, Italy.

The parent company of the largest and smallest group into which the company is consolidated is Eni S.p.A.

2. Discontinued operations and assets and liabilities held for sale

Assets and liabilities held for sale

Assets and associated liabilities that are expected to be recovered principally through a sale transaction rather than continuing use are classified as held for sale on the face of the balance sheet and presented separately from assets and liabilities of the company's continuing operations.

On 22 October 2020, the board of directors approved the transfer of the company's entire participating interest in the Hewett Area fields to Eni UK Limited (its' immediate parent). The transfer completed on 3 November 2020 for a negative consideration of £24,285,000 representing the net book value of the assets and liabilities transferred paid by the company to Eni UK Limited.

On 22 October 2020 the board also approved the transfer of operatorship of the Hewett Area from the company to Eni UK Limited. The transfer of operatorship took place on 2 July 2021.

As the transfer of the operatorship was not completed as at 31 December 2020 the related assets and liabilities associated with the services provided under the operatorship were presented as held for sale. The transfer of operatorship completed on 2 July 2021.

	Notes	2 July 2021 £'000
Assets		
Current assets		
Rights of use asset		20,101
Trade and other receivables	13	815
Assets of disposal groups held for sale		<u>20,916</u>
Liabilities		
Lease liabilities short term		17,430
Lease liabilities long term		<u>4,955</u>
Liabilities of disposal groups held for sale		<u>22,385</u>
Net liabilities of disposal group held for sale		<u>1,469</u>

The fair value of financial instruments included in the assets and liabilities of the disposal group and classified as held for sale was written down to £1,469,000. A loss on disposal of £181,000 was recognised in the statement of comprehensive income as a result of the remeasurement of the fair value less cost of disposal of the disposal group held for sale.

The activities corresponding to the Hewett field are classified as discontinued operations following the transfer of the working interest to the sole equity shareholder Eni UK Limited.

3. Revenue

	2021 £'000	2020 £'000
Discontinued operations		
Gas sales		
Group undertakings	-	1,977
Third party	-	<u>29</u>
	-	<u>2,006</u>

For the purposes of the Companies Act 2006, the operations of the company constitute one class of business, the exploration and production of hydrocarbon liquids and gas. All activities of the company are undertaken in the UK.

ENI HEWETT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

4. Operating profit/(loss)

Operating profit/(loss) is stated after crediting/(charging) the following amounts:

	2021 £'000	2020 £'000
Continuing operations		
Change in provision due to change in discount rate (income)/expense (note 6, 7, 17)	(490)	-
Discontinued operations		
Depreciation (note 12)	-	19,524
Reversal of bad debt provision	-	(13)

The audit fee of the company for 2021 has been borne by the immediate parent company, Eni UK Limited. For the purpose of disclosure, a fair allocation of the audit fee to the company would be £4,958 (2020 - £26,704). Non-audit fee amounts to £nil (2020: £nil).

5. Directors' emoluments and employee information

The directors of the company are also the directors of other affiliate companies and/or the immediate parent undertaking. The emoluments paid to the directors for the services provided to this company have been paid by the immediate parent undertaking and a fair allocation to the company would be approximately £nil (2020: £28,186).

The company has no employees (2020 – nil).

6. Other service costs and expenses

	2021 £'000	2020 £'000
Discontinued operations		
General and administrative costs	106	3,212
Operating costs	-	8,174
Continuing operations		
General and administrative costs	169	136
	275	11,522

The amounts included in other service costs and expenses under operating costs are from third parties and the amounts relating to general and administrative costs are from the parent company.

7. Other income

	2021 £'000	2020 £'000
Discontinued operations		
Recharges to parent company	-	1,168
Other income	672	274
Reversal of lease rental costs (note 12)	-	13,240
Continuing operations		
Other income	27	-
Change in provision due to change in discount rate (note 17)	490	-
	1,189	14,682

Other income includes a reversal of lease rental costs of £nil (2020: £13,240,000) in relation to the IFRS 16 accounting of the lease contracts entered during 2020 for a rig and two vessels used for decommissioning activities.

Other income includes emissions trading from another group company and rental/project income from third parties.

ENI HEWETT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

8. Interest receivable and similar income

	2021 £'000	2020 £'000
Discontinued operations		
Foreign exchange gain	-	389
Continuing operations		
Interest receivable and similar charges to group undertakings	8	5
Other interest from third parties	-	202
	<u>8</u>	<u>596</u>

During the year the company received interest income from HM Revenue and Customs of £nil (2020: £202,496) in respect of the repayment of PRT on the Orwell field relating to 2006 and 2007 and refund of corporation tax.

9. Interest payable and similar charges

	2021 £'000	2020 £'000
Discontinued operations		
Unwinding of discount (note 17)	-	893
Finance charges payable for lease liabilities (note 12)	-	1,713
Continuing operations		
Interest payable and similar charges to group undertakings	1	1,318
Unwinding of discount (note 17)	140	1,169
Foreign exchange loss	201	-
	<u>342</u>	<u>5,093</u>

10. Tax on profit/(loss)

The tax charge/(credit) for the year comprises:

	2021 £'000	2020 £'000
UK corporation tax		
Current tax at 19% (2020 – 40%)		
- UK corporation tax on profit/(loss) for the year	-	(11,050)
- Adjustment in respect of prior year	985	800
Total current tax	<u>985</u>	<u>(10,250)</u>
Deferred tax (Note 15)		
- current year	-	3,638
Total deferred tax	<u>-</u>	<u>3,638</u>
Petroleum revenue tax		
- adjustment in respect of previous year	-	(812)
Total petroleum revenue tax	<u>-</u>	<u>(812)</u>
Total tax charge / (credit)	<u>985</u>	<u>(7,424)</u>

Factors affecting tax charge/(credit) for the year

The tax assessed for the year is higher (2020 – higher) than the standard rate of corporation tax applicable to oil and gas exploration and production companies in the UK of 40% (2020 – 40%) and 19% in respect of non-ring fence activity.

ENI HEWETT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

10. Taxation on profit/(loss) (continued)

The differences are explained below:

	2021 £'000	2020 £'000
Profit / (loss) from continuing activities before taxation	14	(2,416)
Profit / (loss) from discontinued activities before taxation	385	(16,439)
Profit / (loss) from activities before taxation	399	(18,855)
Taxation on loss before tax at 19% (2020 – 40%)	76	(7,542)
Income not taxable	(117)	(283)
Expenditure not allowable for tax	-	995
Transfer to Eni UK Limited	-	(2,629)
Impact of different tax rates	-	2,271
Unrecognised tax losses carried forward	41	(224)
Adjustment to current tax in respect of prior years	985	800
Adjustment to petroleum revenue tax in respect of prior years	-	(812)
Current tax charge / (credit) for year	985	(7,424)

11. Property, plant and equipment

	£'000
Cost	
At 1 January 2021	74,131
Additions	-
At 31 December 2021	74,131
Accumulated depreciation	
At 1 January 2021	74,131
Charge for year	-
At 31 December 2021	74,131
Net Book Value	
At 31 December 2021	-
At 31 December 2020	-

The remaining assets relate to the Deborah Gas storage project. These assets are fully written down.

On 3 November 2020, the assets and liabilities relating to the 51.68694% interest in the Hewett Area fields were transferred to Eni UK Limited (parent company of Eni Hewett Limited). The transfer took place at net book value for a negative consideration paid by Eni Hewett Limited of £24,285,000.

ENI HEWETT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

12 Leases

The balance sheet shows the following amounts relating to lease:

Right of use assets included in disposal group held for sale

	2021 £'000	2020 £'000
Cost		
At 1 January 2021	-	40,168
Transfer from/to assets of disposal group held for sale	-	(40,168)
At 31 December 2021	-	-
Accumulated depreciation		
At 1 January 2021	-	-
Charge for the year	-	13,507
Transfer from/to assets of disposal group held for sale	-	(13,507)
At 31 December 2021	-	-
Net book value	-	-

Lease liabilities:

	2021 £'000	2020 £'000
Lease liabilities included in disposal group held for sale		
New leases in year	-	42,355
Repayment in year	-	(13,240)
Transfer from/to assets of disposal group held for sale	-	(29,115)
At 31 December 2021	-	-

Up until 2 July 2021, when these contracts were transferred to the parent company Eni UK Limited, the company leased a rig via its parent company and directly leased two vessels for the decommissioning activities. The lease contracts are for a period of 3 years starting in January 2020.

Extension and termination options are included in the contract. These options are used to maximise operational flexibility in terms of managing the assets used in the company operations.

The interest expenses are included in the finance costs and amount to £nil (2020: £1,713,000).

The total cash outflow for leases in 2021 was: £nil (2020 was £13,240,000).

Rental costs in 2021 of: £nil (2020: £9,953,819) were recharged to JV partners for their share. The company's share of the rental costs is recognised as utilisation of the decommissioning provision.

Leasing arrangement:

The plant and machinery is leased to the tenant with rentals payable monthly.

Payments on leases of the plant and machinery are as follows:

	Years	£'000
Within 1 year	2021	nil
Between 2 and 4 years	2022 - 2023	nil

On 2 July 2021, these contracts were transferred to the parent company Eni UK Limited, this is the reason for no lease liabilities being due anymore.

ENI HEWETT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

13 Trade and other receivables

	2021	2020
	£'000	£'000
Trade receivables	188	8,467
Amounts owed by:		
Parent company	5,881	29,178
Group undertakings	-	3,107
Other receivables and prepayments	1,421	248
	<u>7,490</u>	<u>41,000</u>

Amounts owed by the parent company relate to operator billings and amounts owed by group undertakings relate to tax group relief.

Following an expected credit loss analysis, the expected credit loss provision is £nil (2020: £nil).

14 Cash and cash equivalents

	2021	2020
	£'000	£'000
Cash at bank and in hand	422	460
Short term deposits	25,200	20,000
	<u>25,622</u>	<u>20,460</u>

15 Trade and other payables

	2021	2020
	£'000	£'000
Amounts owed to:		
Parent company	2,910	8,411
Group undertakings	1,049	1,380
Other creditors	691	4,820
Accruals and deferred income	3,362	14,256
Total	<u>8,012</u>	<u>28,867</u>

Amounts owed to the parent company relates to recharge of costs and general and administrative cost and for group undertakings it relates to operator activity.

ENI HEWETT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

16 Deferred tax

Deferred tax is calculated in full on temporary differences using a tax rate of 40% (2020: 40%) in respect of ring fence activity and 25% (2020: 19%) in respect of non-ring fence activity. The movement on the deferred tax account is shown below:

	2021 £'000	2020 £'000
At 1 January	-	33,969
Charged to the profit or loss (note 10)	-	(3,638)
Transfer to group company	-	(30,331)
At 31 December	-	-

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

The movements in deferred tax assets and liabilities during the year are shown below:

Deferred tax assets

	Accelerated capital allowances £'000	Decommissioning costs £'000	Total £'000
At 1 January 2020	-	34,398	34,398
Utilised during the year	-	(2,713)	(2,713)
Transfer to group company	-	(31,685)	(31,685)
At 31 December 2020 and 31 December 2021	-	-	-

Deferred tax liability

	Accelerated capital allowances £'000	Total £'000
At 1 January 2020	429	429
Provided during the year	925	925
Transfer to group company	(1,354)	(1,354)
At 31 December 2020 and 31 December 2021	-	-

ENI HEWETT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

16 Deferred tax (continued)

The deferred corporation tax asset calculated at the rate of 25% (2020 - 19%) which was not recognised in the financial statements amounted to:

	Unprovided amount	Unprovided amount
	2021	2020
	£'000	£'000
Unrecognised UK corporation tax losses	20,229	15,109
At 31 December	20,229	15,109

The directors consider that it is unlikely that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted; therefore the deferred tax asset was not recognised.

17 Provisions for liabilities

	Onerous contract provision
	£'000
At 1 January 2021	26,767
Utilised during year	(4,950)
Change in provision due to change in discount rate	(490)
Unwinding of discount (note 8)	140
At 31 December 2021	21,467
The provision is split as below:	
Short term	4,925
Long term	16,542
Total	21,467

The onerous contract provision of £21,467,000 (2020: £26,767,000) was recognised in relation to future capacity payments due on the Deborah Gas Storage Project which is currently suspended until uncertainty surrounding the project has lifted. This provision has been discounted using the directors' assessment of rates ranging from 1.001% to 1.08%. These payments are expected to crystallise between 2022 and 2026. The amount due to be payable in 2022 is £4,925,000.

18 Share capital

	2021	2020
Allotted and fully paid 3,036,000 £1 ordinary equity shares	£3,036,000	£3,036,000

Under the Companies Act 2006, there is no requirement for the company to have an authorised share capital and the company's Articles of Association do not set a maximum amount of shares that the company may allot.

ENI HEWETT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

19. Joint operations

Activity	Name of licence	Place of operation	Interest held at 31 December 2021 and 2020
Oil and gas	UK Petroleum Production Licence P.028	United Kingdom	0%
Oil and gas	UK Petroleum Production Licence P.037	United Kingdom	0%
Oil and gas	UK Petroleum Production Licence P.112	United Kingdom	0%

On 22 October 2020, the board of directors approved the transfer of the asset and liabilities relating to the 51.68694% interest in the Hewett Area fields to Eni UK Limited (parent company of Eni Hewett Limited). The transfer completed on 3 November 2020 for a negative consideration paid by Eni Hewett Limited of £24,285,000 representing the net book value of the assets and liabilities transferred.

On 2 July 2021 the transfer of operatorship of the Hewett Area from the company to Eni UK Limited was completed. The remaining activities were then transferred to Eni UK Limited, the parent company.

20. Post balance sheet events

There are no post balance sheet events to report affecting the company.

The military action between Russia and Ukraine that developed following the year end, alongside the imposition of international sanctions, have a pervasive economic impact not only on businesses in Russia and Ukraine, but also globally where businesses engage in economic activities that might be affected by the recent developments. The company has no assets, operations or activities in Russia and Ukraine nor is it party to any contracts or transactions involving Russian registered counterparties. Accordingly, the company will not be directly affected by any internationally imposed sanctions covering such assets, operations, activities, contracts or transactions.