

HFG Corporate Limited

Annual report for the year ended 31 December 2022



Directors and Advisers

Director: J M Heiton

Registered office: Midmill Business Park
Kintore
Aberdeenshire
AB51 0QG

Registered number: SC309083

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Strategic Report for the year ended 31 December 2022

The director presents his Strategic Report of HFG Corporate Limited ("the Company") for the year ended 31 December 2022.

Principal activities

The principal activity of the company is to act as an intermediary holding company and to provide management services to its subsidiary undertakings.

Review of the business

The financial result for the year is presented on page 5.

The prior year administrative expenses includes a £10.0m credit in relation to an intercompany loan waiver with the Company's immediate parent company Arden Holdings Limited.

During 2021 a special resolution was passed reducing the share capital of the Company from £161,834 to £1,000 by cancelling and extinguishing 160,834 ordinary shares of £1.00 each in the capital of the company, each of which is fully paid up. The written resolution also reduced the share premium in the Company from £15,567,393 to £nil. The total amount of capital reduced was credited to reserves.

Given the nature of activities no further discussion of key performance indicators is considered necessary.

The average monthly number of staff employed during the period was 20 which was in line with expectations.

Principal risks and uncertainties, including financial risk management

As an intermediate holding company, the principal risks are related to matters that impact the trading performance and valuation of subsidiaries. The principal risks affecting the group trading are considered to be the cyclical nature of the oil and gas sector, competition from both UK and international manufacturers and rental companies, foreign exchange movements on overseas earnings, long-term competitiveness, the attraction and retention of experienced personnel. The company's financial risk management policies and objectives are discussed in the Director's report on page 2.

The director believes the group's market exposure is mitigated in part through diversification across geographies, customers and activities as well as a bias towards the late cycle development and production components of the oil & gas sector. The director continues to actively monitor industry activity levels.

Future developments

The company is expecting to continue in the role of an intermediate holding company.

Post balance sheet event

On 9 March 2023, OEG Energy Group Limited (previously Omega Acquisition Limited) acquired 100% of the share capital of OEG Global Limited from OEG Group Limited. OEG Energy Group Limited is a company registered in the UK, and is controlled by funds managed by Oaktree Capital Management, L.P..

Approved by the Director



J M Heiton - Director
13 November 2023

Director's Report for the year ended 31 December 2022

The director presents his annual report together with the financial statements of the Company for the year ended 31 December 2022.

Information on principal activities, review of business, future developments and principal risks and uncertainties is included in the Strategic report on page 1.

Dividends

No dividends were paid in the year (2021: £67.4m). No further dividends are proposed.

Director

The director of the Company who was in office during the period and up to the date of the signing of the financial statements was:

J M Heiton

Qualifying third-party indemnity provisions

As permitted by the Articles of Association, the Director has the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial period and is currently in force.

Financial risk management objectives and policies

Financial risk management objectives and policies are developed and monitored at a group level. The company's activities expose it to a number of financial risks including liquidity, credit, cash flow and interest rate risks. The company does not use derivatives to manage financial risk or for speculative purposes.

Liquidity risk

As an intermediate holding company, the company has a limited operating cash requirement. The company also has access to group funding facilities.

Credit risk

The company's principal financial assets are its fixed asset investments, intercompany receivables and bank and cash balances. The credit risk is considered limited as it is primarily attributable to its intercompany receivables. The credit risk on liquid funds is also considered limited because the counterparty is a bank with a recognised credit rating assigned by international credit rating agencies.

The fixed asset investments relate to subsidiaries which are actively managed and monitored as part of a broader group.

Cash flow risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The group seeks to mitigate this risk by matching foreign currency receipts with foreign currency payments to naturally hedge cash flows.

Interest rate risk

The company finances its activities through intra group borrowings and borrowings. The group borrows in desired currencies at floating rates of interest and enters into fixed rate arrangements periodically.

Director's Report for the year ended 31 December 2022 (continued)

Going Concern

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to price, credit, liquidity and cash flow risk are described in the Strategic Report on page 1.

The Director continues to have a high degree of confidence in its' prospects.

In assessing going concern we have considered the potential risks and uncertainties arising from the current economic and geopolitical environment, as well as the ongoing impact of the conflict in Ukraine.

Having assessed the Company's financial position and prospects at the time of approving the financial statements, including consideration of reasonably possible downside sensitivities, we are satisfied that the Company has appropriate resources to continue to operate in the ordinary course for at least twelve months from signing the financial statements. Accordingly, the financial statements are prepared on a going concern basis.

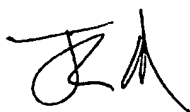
Post balance sheet events

Significant events after the balance sheet date of 31 December 2022 are discussed in the Strategic Report.

Audit Exemption Statement

For the year ending 31 December 2022 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

On behalf of the board



J M Heiton - Director
13 November 2023

Director's responsibilities statement

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director is required to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework" as adopted by the European Union. Under company law the director must not approve the accounts unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101, 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 appropriate to presume that the Company's will continue in business.

The director is 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.

The director is 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.

Income statement
For the year ended 31 December 2022

	Note	Year Ended 2022 31 December	Year Ended 2021 31 December
Revenue	4	-	2,813
Cost of sales		-	-
Gross profit		-	2,813
Administrative expenses		959	6,625
Operating (loss) / profit	5	(959)	9,438
Income from shares in group undertakings	8	-	34,789
(Loss) / Profit before interest and taxation		(959)	44,227
Finance income	7	844	1,783
Finance costs	7	(1)	(862)
Finance income – net	7	843	921
Profit before taxation		1,802	45,148
Tax on profit	9	(52)	37
Profit for the financial year		1,750	45,185

There was no other comprehensive income/(loss) for 2022 (2021: £nil).

All of the result for the current and prior year relates to continuing operations.

The notes on pages 8 to 27 are an integral part of these financial statements.

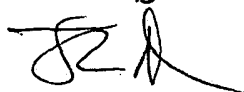
HFG Corporate Limited
Year ended 31 December 2022

Statement of financial position
As at 31 December 2022

	Note	31 December 2022	31 December 2021
Non-current assets			
Property, plant and equipment	10	4,184	4,417
Right of use assets	11	5	14
Investments	12	15,727	15,727
Trade and other receivables	13	39,197	38,234
		<u>59,113</u>	<u>58,392</u>
Current assets			
Trade and other receivables	13	13,679	11,858
Cash and cash equivalents		20	844
		<u>13,699</u>	<u>12,702</u>
Creditors: amounts falling due within one year	14	(317)	(346)
Net current assets		<u>13,382</u>	<u>12,356</u>
Total assets less current liabilities		72,495	70,748
Creditors: amounts falling due after more than one year	15	(67,358)	(67,361)
Net assets		<u>5,137</u>	<u>3,387</u>
Equity			
Called up share capital	18	1	1
Share Premium Account	18	-	-
Other Reserves	18	746	746
Retained earnings	18	4,390	2,640
Total shareholders' funds		<u>5,137</u>	<u>3,387</u>

For the financial year ended 31 December 2022 the Company was entitled to exemption under section 479A of the Companies Act 2006. No members have required the Company to obtain an audit of its accounts for the year ended 31 December 2022 in accordance with section 476 of the Companies Act 2006. The Director acknowledges his responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

The financial statements of HFG Corporate Limited, registered number SC309083, were approved by the Director on 13 November 2023.



J M Heiton
Director

HFG Corporate Limited
Year ended 31 December 2022

Statement of changes in equity
For the year ended 31 December 2022

	Called up share capital	Share Premium	Other Reserves	Retained earnings	Total shareholders' funds
Balance as at 1 January 2021	162	15,567	746	9,085	25,560
Profit for the financial year	-	-	-	45,185	45,185
Total comprehensive income for the year	162	15,567	746	54,270	70,745
Share capital reduction	(161)	(15,567)	-	15,728	-
Dividends	-	-	-	(67,358)	(67,358)
Balance as at 31 December 2021	1	-	746	2,640	3,387
Balance as at 1 January 2022	1	-	746	2,640	3,387
Profit for the financial year	-	-	-	1,750	1,750
Total comprehensive income for the year	-	-	-	1,750	1,750
Balance as at 31 December 2022	1	-	746	4,390	5,137

Notes to the financial statements

(All amounts are in £ thousands unless otherwise stated)

1 General information

The financial statements of HFG Corporate Limited ("the Company") for the year ended 31 December 2022 were authorised for issue by the Director as per page 6.

The Company is a private company limited by shares incorporated under the Companies Act 2006 and domiciled in Scotland and its registered office is Midmill Business Park, Kintore, Aberdeenshire, AB51 0QG.

The Company is an intermediate holding company for a group involved in the sale and rental of specialist containers, baskets and workshops as well as the manufacture, sale and rental of offshore cabins, modules and equipment rooms for use in the offshore oil and gas and renewable energy industries. The Company is a wholly owned subsidiary of the OEG Group Limited group which prepare consolidated financial statements in which the company is included. The consolidated financial statements of OEG Global Limited, a company registered in England and Wales, are available from Companies House.

The principal accounting policies which have been applied consistently in the current and prior year, are set out below.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

These financial statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the Companies Act 2006 under the historical cost convention.

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

- a) the requirements of IFRS 7 "Financial Instruments: Disclosures", on the basis that equivalent disclosures are included within the consolidated financial statements of OEG Group Limited into which the Company is consolidated;
- b) the requirements of paragraphs 10(d), 16, 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 paragraphs 30 and 31 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors";
- e) the requirements of paragraphs 17 and 18A of IAS 24 "Related Party Disclosures"; and
- f) the requirements within IAS 24 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.
- g) exemption under s400 of the Companies Act 2006 not to prepare consolidated financial statements, details of the parent in whose consolidated financial statements the company is included are shown in Note 22 to the financial statements.

Notes to the financial statements (continued)
(All amounts are in £ thousands unless otherwise stated)

2 Summary of significant policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Going concern

At 31 December 2022 the Company has net assets of £5.2m (2021: £3.4m).

In assessing going concern we have considered the potential risks and uncertainties arising from the current economic and geopolitical environment, as well as the ongoing impact of the conflict in Ukraine.

Having assessed the Company's financial position and prospects at the time of approving the financial statements, including consideration of reasonably possible downside sensitivities, we are satisfied that the Company has appropriate resources to continue to operate in the ordinary course for at least twelve months from signing the financial statements. Accordingly, the financial statements are prepared on a going concern basis.

2.1.2 New Standards, amendments, and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 17 *Insurance Contracts*

IFRS 10 and IAS 28 (amendments) *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*

Amendments to IFRS 3 *Reference to the Conceptual Framework*

Amendments to IAS 16 *Property, Plant and Equipment – Proceeds before Intended Use*

Amendments to IAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*

Annual Improvements to IFRS Standards 2018-2021 Cycle *Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture*

The director does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

Notes to the financial statements (continued)
(All amounts are in £ thousands unless otherwise stated)

2 Summary of significant policies (continued)

2.2 Preparation of consolidated financial statements

The financial statements contain information about HFG Corporate Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included within the consolidated financial statements of OEG Global Limited group, which are publicly available.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions, or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.4 Revenue recognition

The company recognises revenue from contracts with customers based on a five step model as set out in IFRS 15:

1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
3. Determine the transaction price: The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the company expects to be entitled in exchange for satisfying each performance obligation.
5. Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

Notes to the financial statements (continued)
(All amounts are in £ thousands unless otherwise stated)

2 Summary of significant policies (continued)

2.4 Revenue Recognition (continued)

The company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

The customer simultaneously receives and consumes the benefits provided by the company's performance as the company performs; or

The company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

The company's performance does not create an asset with an alternative use to the company and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied. The company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. As part of the impact assessment exercise, company has concluded that for all of its arrangements, it acts as a principal and revenue is continued to be recognised as follows:

- Services
- Revenue from services is recognised in the profit or loss on completion of services rendered.

2.5 Employee benefits

The Company's post-employment schemes comprise a defined contribution pension plan.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.6 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

2.7 Dividend income

Dividend income is recognised when the right to receive payment is established.

Notes to the financial statements (continued)
(All amounts are in £ thousands unless otherwise stated)

2 Summary of significant policies (continued)

2.8 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.9 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income 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.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.10 Property, plant and equipment

Short Leasehold comprise mainly service centres for pooling equipment and offices. All property, plant and equipment is stated at historical cost less depreciation.

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

- | | |
|--------------------------|----------|
| • Short Leasehold | 25 years |
| • Plant and machinery | 4 years |
| • Furniture and fittings | 4 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Notes to the financial statements (continued)
(All amounts are in £ thousands unless otherwise stated)

2 Summary of significant policies (continued)

2.10 Property, plant and equipment (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (*Note 3*).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Administrative Expenses' in the income statement.

2.11 Investment in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

2.12 Financial assets

The Company classifies its financial assets at amortized cost.

The classification of debt instruments depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

(i) At initial recognition

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(ii) At subsequent measurement

Debt instrument –

Debt instruments of the Company mainly comprise of cash and bank balances, trade and other receivables and deposits. There are three prescribed subsequent measurement categories, depending on the Company's business model in managing the assets and the cash flow characteristic of the assets. The Company managed these group of financial assets by collecting the contractual cash flow and these cash flows represents solely payment of principal and interest. Accordingly, these group of financial assets are measured at amortized cost subsequent to initial recognition.

A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets are recognized using the effective interest rate method.

The Company assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost.

For cash and bank balances and deposits, the general 3-stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognized.

Notes to the financial statements (continued)
(All amounts are in £ thousands unless otherwise stated)

2 Summary of significant policies (continued)

2.13 Impairment of financial assets

(a) Assets carried at amortised cost

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

2.14 Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Recognition of impairment provisions under IFRS9 is based on the expected credit loss (ECL) model.

2.15 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the Statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.16 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.18 Share capital

Ordinary shares are classified as equity.

Notes to the financial statements (continued)
(All amounts are in £ thousands unless otherwise stated)

2 Summary of significant policies (continued)

2.19 Leases

The company leases buildings and equipment. Rental contracts are typically made for fixed periods, but may have extension options as described further in this note.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

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 Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group 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 lessee's incremental borrowing rate, 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.

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

Notes to the financial statements (continued)
(All amounts are in £ thousands unless otherwise stated)

2 Summary of significant policies (continued)

2.19 Leases (continued)

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 subsequently measured at cost less depreciation and impairment losses, if any. 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.

Payments associated with short-term leases, being leases with a lease term of 12 months or less, and leases of low-value assets, that is items that are considered insignificant for the statement of financial position as a whole, are recognised on a straight-line basis as an expense in profit or loss.

Variable lease payments that are not linked to an index or a rate are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Extension and termination options are included in certain office space leases. Extension options (or periods after termination options) are only included in the lease term only if the lease is reasonably certain to be extended (or not terminated).

2.20 Dividend distribution

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Notes to the financial statements (continued)
(All amounts are in £ thousands unless otherwise stated)

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year have been considered within these financial statements and no items were identified.

(a) Impairment of Investment in subsidiary company

Determination of whether investment in subsidiary has suffered any impairment requires an estimation of enterprise value which is based on an estimate of the future cash flows expected to be generated by subsidiary company

(b) Impairment of Financial assets

Recognition of impairment provisions under IFRS 9 is based on the expected credit loss (ECL) model.

(c) Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 9 for the carrying amount of the property plant and equipment and note 2.10 for the useful economic lives for each class of assets.

(d) Lease accounting

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 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, currency and security.

The company used incremental borrowing rates specific to each lease and the rates range between 4.25%-8% translating to an average rate of 4.25%.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Notes to the financial statements (continued)

(All amounts are in £ thousands unless otherwise stated)

3 Critical accounting estimates and judgements (continued)

(d) Lease accounting (continued)

For leases of offices, warehouses and equipment, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate).
- Otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices and vehicle leases have not been included in the lease liability, because the company could replace the assets without significant cost of business disruption.

As at 31 December 2022, potential future cash outflows of £nil (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right of use assets of £nil.

4 Revenue

Analysis of revenue by geography:

	Year Ended 2022	Year Ended 2021
United Kingdom	-	1,213
Rest of Europe	-	454
Rest of the World	-	1,146
	-	2,813

Analysis of revenue by category:

	Year Ended 2022	Year Ended 2021
Services	-	2,813
	-	2,813

Notes to the financial statements (continued)
(All amounts are in £ thousands unless otherwise stated)

5 Operating profit / (loss)

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

	Year Ended 2022	Year Ended 2021
Wages and salaries	103	1,728
Social security costs	6	208
Other pension costs (Note 17)	9	77
Staff costs	118	2,013

During the year, staff costs became borne by another group undertaking.

Depreciation	280	231
Depreciation – Right of Use asset	9	59
Intercompany loan waiver	-	(9,984)
Foreign exchange (gains) / losses	(2,051)	6

6 Employees and directors

Employees

The average monthly number of persons (including executive directors) employed by the Company during the period / year was:

	Year Ended 2022 Number	Year Ended 2021 Number
<i>By activity:</i>		
Management	-	3
Administration	2	15
	2	18

Directors

The directors' emoluments were as follows:

	Year Ended 2022	Year Ended 2021
Aggregate emoluments	-	173
Company contributions to money purchase pension schemes	-	8
	-	181

Highest paid director

The highest paid director's emoluments were as follows:

	Year Ended 2022	Year Ended 2021
Total amount of emoluments and amounts including amounts paid to money purchase pension schemes	-	181

The director receives remuneration from another Group Company.

Notes to the financial statements (continued)
(All amounts are in £ thousands unless otherwise stated)

7 Finance income and cost

Finance income

	Year Ended 2022	Year Ended 2021
Interest income on short term deposits	1	-
On loans with companies under common control	843	1,783
Total finance income	844	1,783

Finance costs

	Year Ended 2022	Year Ended 2021
On loan with company under common control	-	859
Finance lease liabilities	1	3
Total finance cost	1	862

Net finance income

	Year Ended 2022	Year Ended 2021
Interest income	(844)	(1,783)
Interest expense	1	862
Net finance income	(843)	(921)

8 Income from shares in Group undertakings

	Year Ended 2022	Year Ended 2021
Dividend income from group undertakings	-	34,789

9 Taxation

Tax charge / (credit) included in profit or loss

	Year Ended 2022	Year Ended 2021
Current tax:		
- UK Corporation tax on profits for the year	-	-
- Foreign tax relief/other relief	-	-
- Foreign tax suffered	-	4
Total current tax	-	4
Deferred tax:		
- Current year	10	-
- Origination and reversal of timing differences	-	5
- Adjustment in respect of previous periods	38	(3)
- Effect of changes in tax rates	3	(43)
Total deferred tax	52	(41)
Tax on profit	52	(37)

Notes to the financial statements (continued)
(All amounts are in £ thousands unless otherwise stated)

9 Taxation (continued)

Reconciliation of the total tax charge

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 19% (2021: 19%). The actual tax for the current year and prior year is different than the standard rate for the reasons set out in the following reconciliation:

	Year Ended 2022	Year Ended 2021
Profit before taxation	1,802	4,359
Profit multiplied by the standard rate of tax in the UK of 19.0% (2021: 19.0%):	342	828
Effects of:		
– Adjustments in respect of prior years	38	-
– Expenses not deductible	(355)	-
– Income not taxable	(3)	(436)
– Group relief/other reliefs	26	(416)
– Tax rate changes	4	(8)
Tax charge	52	(32)

	Total
Deferred tax asset	
At 1 January 2021	139
Credited to the income statement	41
At 31 December 2021	180
Debited to the income statement	(52)
At 31 December 2022	128

A change to the UK corporation tax rate was substantively enacted on 24 May 2021. The corporation tax main rate for the period beginning 1 April 2023 will increase to 25%.

Deferred tax was calculated using a closing rate of 25% (2021: 25%).

Notes to the financial statements (continued)
(All amounts are in £ thousands unless otherwise stated)

10 Property, plant and equipment

	Short Leasehold	Fixtures and fittings	Total
Cost			
At 1 January 2022	6,191	1,995	8,186
Additions	-	47	47
Disposals	(27)	-	(27)
At 31 December 2022	6,164	2,042	8,206
Accumulated Depreciation			
At 1 January 2022	1,884	1,885	3,769
Charge for period	180	100	280
Relating to disposals	(27)	-	(27)
At 31 December 2022	2,037	1,985	4,022
Net Book Value			
At 31 December 2022	4,127	57	4,184
At 31 December 2021	4,307	110	4,417

11 Right of use asset

	Short Leasehold	Plant and machinery	Total
At 1 January 2021	3,547	23	3,570
Depreciation	(50)	(9)	(59)
Transfer	(3,497)	-	(3,497)
At 31 December 2021	-	14	14
Depreciation	-	(9)	(9)
Transfer	-	-	-
At 31 December 2022	-	5	5

Notes to the financial statements (continued)
(All amounts are in £ thousands unless otherwise stated)

12 Fixed asset Investments

	Shares in subsidiary undertakings
Cost and net book value	
At 1 January 2022 and 31 December 2022	<u>15,727</u>

Holdings marked * are held directly by the Company. All other holdings are held by subsidiary undertakings.

Group Undertakings	Place of incorporation	Holding	Class of shares
OEG Offshore UK Ltd Midmill Business Park, Kintore, Aberdeenshire, AB51 0QG	Scotland	100%*	Ordinary
OEG Middle East FZE JAFZA Views – LOB 18, 14 th Floor Office 1401, PO Box 17898, Dubai. UAE	UAE	100%	Ordinary
OEG Middle East LLC (previously known as Ferguson Middle East LLC) Ali and Sons Real Estate LLC Office 304/303 Umm Al Nar, Sas Al Nakhl Abu Dhabi. UAE	UAE	49%	Ordinary

Notes to the financial statements (continued)
(All amounts are in £ thousands unless otherwise stated)

13 Trade and other receivables

	Year Ended 2022	Year Ended 2021
Trade Debtors	-	1
Amounts owed by group undertakings	52,512	49,757
Other debtors	159	56
Deferred tax asset (Note 9)	128	180
Prepayments and accrued income	76	98
	52,876	50,092
Current	13,679	11,858
Non-current	39,197	38,234
	52,876	50,092

The amounts owed by group undertakings bear interest at a rate of between 4.25% and LIBOR plus 7.25% and £39,197,084 (2021: £38,234,312) are unsecured and repayable within 366 days of the lending Company requesting repayment.

The remaining amounts held with group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

14 Creditors: amounts falling due within one year

	Year Ended 2022	Year Ended 2021
Trade creditors	83	58
Amounts owed to group undertakings	-	60
Lease liabilities (Note 16)	3	10
Accruals and deferred income	231	218
	317	346

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

15 Creditors: amounts falling due after more than one year

	Year Ended 2022	Year Ended 2021
<i>Amounts falling due after more than one year:</i>		
Amounts owed to group undertakings	67,358	67,357
Lease liabilities (Note 16)	-	4
	67,358	67,361

The amounts owed to group undertakings classified as due after more than one year bear interest of LIBOR plus 7.25% and are unsecured and repayable within 366 days of the lending company requesting repayment.

Notes to the financial statements (continued)
(All amounts are in £ thousands unless otherwise stated)

16 Leases

The company has lease contracts for various offices, warehouses and equipment used in the operations. The amounts recognised in the financial statements in relation to the leases are as follows:

(a) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	Year Ended 2022	Year Ended 2021
Right of use assets		
Short Leasehold	-	-
Plant and Machinery	<u>3</u>	<u>14</u>
	<u>3</u>	<u>14</u>
 Lease liabilities		
Current	3	10
Non current	<u>-</u>	<u>4</u>
	<u>3</u>	<u>14</u>

Additions to the right of use assets during the 2022 was £nil (2021: £nil).

(b) The income statement shows the following amounts relating to leases:

Depreciation charge of right of use assets

	Year Ended 2022	Year Ended 2021
Short leasehold	-	(50)
Plant and Machinery	<u>(11)</u>	<u>(9)</u>
	<u>(11)</u>	<u>(59)</u>
 Interest expense (included in finance cost)	 (1)	 (3)

Notes to the financial statements (continued)
(All amounts are in £ thousands unless otherwise stated)

16 Leases (continued)

Future minimum lease payments as at 31 December are as follows:

	Year Ended 2022	Year Ended 2021
Not later than one year	4	11
Later than one year and not later than five years	-	4
Later than five years	-	-
Total gross payments	4	15
Impact of finance expenses	(1)	(1)
Carrying amount of liability	3	14

The total cash outflow for leases in 2022 was £10,828 (2021: £209,000).

17 Post employment benefits

Defined contribution scheme

The Company provides a defined contribution scheme for its employees.

The amount recognised as an expense for the defined contribution scheme was: £9,350 (2021: £77,000)

There were no outstanding pension contributions at the year end (2021: £nil)

18 Share capital and reserves

Ordinary shares of £1.00 each

	31 Dec 22 £'000	31 Dec 22 No.	31 Dec 21 £'000	31 Dec 21 No.
Opening balance	1	1,000	162	161,834
Share capital reduction	-	-	161	160,834
End of financial period	1	1,000	1	1,000

During 2021 a special resolution was passed reducing the share capital of the Company from £161,834 to £1,000 by cancelling and extinguishing 160,834 ordinary shares of £1.00 each in the capital of the company, each of which is fully paid up. The written resolution also reduced the share premium in the Company from £15,567,393 to £nil. The total amount of capital reduced was credited to reserves.

All issued share capital is fully paid with no rights to fixed income.

Other reserves is a non distributable reserve.

The retained earnings represent cumulative profits or losses net of dividends paid and other adjustments.

Notes to the financial statements (continued)
(All amounts are in £ thousands unless otherwise stated)

19 Contingent liabilities

The Company has no contingent liabilities as at 31 December 2022 (2021: £nil).

20 Capital commitments

At 31 December 2022, the Company had capital commitments of £nil (2021: £nil).

21 Related party transactions

The Company has taken advantage of the exemption in paragraph 8(k) of FRS 101 not to disclose related party transactions with other wholly owned subsidiaries within the group.

22 Parent and ultimate controlling party

The immediate parent company is Arden Holdings Limited, a company registered in Scotland. The smallest group that includes the Company and for which consolidated financial statements are prepared and are publicly available is OEG Global Limited, a company registered in England and Wales with the registered office of c/o Harran Limited, Yarmouth Business Park, Thamesfield Way, Great Yarmouth, Norfolk, NR31 0ER. OEG Global Limited is the smallest and largest group to consolidate these financial statements.

At the 31 December 2022 the ultimate controlling party was GIIS Invest S.C.P, a company registered in Monaco and is the largest group to consolidate these financial statements. The registered office of GIIS Invest S.C.P is Chez CATS, 28 Boulevard Princesse Charlotte, 98000 Monaco.

23 Post balance sheet event

On 9 March 2023, OEG Energy Group Limited (previously Omega Acquisition Limited) acquired 100% of the share capital of OEG Global Limited from OEG Group Limited. OEG Energy Group Limited is a company registered in the UK, and is controlled by funds managed by Oaktree Capital Management, L.P..