

**Company Registration No. SC467099**

**Savannah Petroleum 2 Limited**

**REPORT AND FINANCIAL STATEMENTS**

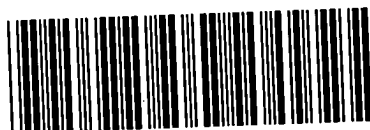
**For the year ended 31 December 2017**

**COMPANIES HOUSE  
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# Savannah Petroleum 2 Limited

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# **Savannah Petroleum 2 Limited**

## **DIRECTORS' REPORT**

**For the year ended 31 December 2017**

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### **Directors:**

A Knott

### **Registered Office:**

50 Lothian Road  
Festival Square  
Edinburgh  
Scotland  
EH3 9WJ

### **Independent Auditor:**

Grant Thornton UK LLP  
Chartered accountants & statutory auditor  
Level 8  
110 Queen Street  
Glasgow  
G1 3BX

# Savannah Petroleum 2 Limited

## DIRECTORS' REPORT

For the year ended 31 December 2017

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The director presents the report and the audited financial statements for Savannah Petroleum 2 Limited ("SP2L" or the "Company") for the year ended 31 December 2017.

### PRINCIPAL ACTIVITIES

The Company's principal activity is the management of its investment in Savannah Petroleum Niger R1/R2 S.A. whose principal activity is the exploration of hydrocarbons in the Republic of Niger. The Company is a subsidiary company of Savannah Petroleum 1 Limited. Savannah Petroleum 1 Limited is a subsidiary company of Savannah Petroleum PLC. Savannah Petroleum PLC is domiciled in the UK for tax purposes and its shares are listed on the Alternative Investments Market of the London Stock Exchange.

### RESULTS AND DIVIDENDS

The loss for the year ended 31 December 2017 was US\$2,220 (2016: profit US\$614). The Director does not propose the payment of a dividend for the period.

### DIRECTORS

The following directors have held office during the period and to the date of this report:

A Knott

### GOING CONCERN

Capital and operational finance is provided by the Company's ultimate parent company Savannah Petroleum PLC and will continue to be provided for the foreseeable future. The Company has received a letter of support from its ultimate parent company. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the report and financial statements.

### AUDITOR

The director has confirmed that, as far as he is aware, there is no relevant audit information of which the auditor is unaware. The director has confirmed that all steps have been taken that ought to have been taken as director, in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor. This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

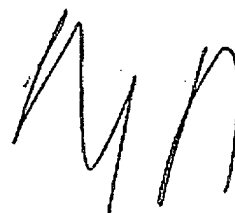
Grant Thornton UK LLP has expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

### SMALL COMPANY PROVISION

This report has been prepared in accordance with the small company's regime under the Companies Act 2006. The directors have taken the small companies exemption to prepare a Strategic Report.

Approved by the board of directors and signed on behalf of the board:

Andrew Knott  
Director  
27 September 2018



# Savannah Petroleum 2 Limited

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the year ended 31 December 2017

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### **Directors' responsibilities statement**

The director is responsible for preparing the Annual 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 has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 101 'Reduced Disclosure Framework'). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs and 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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.

The director confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The director is responsible for preparing the annual report in accordance with applicable law and regulations.

# Savannah Petroleum 2 Limited

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAVANNAH PETROLEUM 2 LIMITED (CONTINUED)

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### Independent auditor's report to the members of Savannah Petroleum 2 Limited

#### Opinion

We have audited the financial statements of Savannah Petroleum 2 Limited (the 'company') for the year ended 31 December 2017 comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Who we are reporting to

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

# Savannah Petroleum 2 Limited

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAVANNAH PETROLEUM 2 LIMITED (CONTINUED)

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### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

### **Matter on which we are required to report under the Companies Act 2006**

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

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

### **Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

# Savannah Petroleum 2 Limited

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAVANNAH PETROLEUM 2 LIMITED (CONTINUED)

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

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

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



**James Chadwick**

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Glasgow

28 September 2018



**Savannah Petroleum 2 Limited**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 December 2017**

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	<i>Notes</i>	Year ended 31 December 2017 \$	Year ended 31 December 2016 \$
Finance (cost) / income		(2,220)	614
<b>(LOSS) / PROFIT BEFORE TAXATION</b>		<b>(2,220)</b>	<b>614</b>
Taxation	2	-	-
<b>(LOSS) / PROFIT FOR THE FINANCIAL PERIOD AND TOTAL COMPREHENSIVE INCOME</b>		<b>(2,220)</b>	<b>614</b>

All results in the period derive from continuing operations and are attributable to the equity holders of the parent company.

The notes on pages 10 to 13 form part of these Financial Statements.

**Savannah Petroleum 2 Limited**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2017**

	<i>Notes</i>	2017 \$	2016 \$
<b>FIXED ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Investment in subsidiary	3	<u>20,730</u>	<u>20,730</u>
<b>TOTAL NON CURRENT ASSETS</b>		<b>20,730</b>	<b>20,730</b>
<b>CURRENT ASSETS</b>			
Trade and other receivables	4	<u>562,501</u>	<u>562,501</u>
<b>TOTAL CURRENT ASSETS</b>		<b>562,501</b>	<b>562,501</b>
<b>TOTAL ASSETS</b>		<b><u>583,231</u></b>	<b><u>583,231</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Share capital	6	1	1
Share premium	6	562,500	562,500
Retained earnings		<u>2,466</u>	<u>4,686</u>
<b>TOTAL EQUITY</b>		<b>564,967</b>	<b>567,187</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	5	<u>18,264</u>	<u>16,044</u>
<b>TOTAL LIABILITIES</b>		<b>18,264</b>	<b>16,044</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>583,231</u></b>	<b><u>583,231</u></b>

**Company number: SC467099**

The notes on pages 10 to 13 form part of these Financial Statements.

The financial statements were approved by the board of directors and authorised for issue on 27 September 2018 and are signed on its behalf by:

Andrew Knott  
Director



# Savannah Petroleum 2 Limited

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Share capital \$	Share premium \$	Retained earnings \$	Total equity \$
As at 1 January 2016	1	562,500	4,072	566,573
Total comprehensive income	-	-	614	614
As at 31 December 2016	1	562,500	4,686	567,187
Total comprehensive loss	-	-	(2,220)	(2,220)
As at 31 December 2017	1	562,500	2,466	564,967

The notes on pages 10 to 13 form part of these Financial Statements.

# Savannah Petroleum 2 Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

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### 1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. These policies have all been applied consistently throughout the period.

#### BASIS OF PREPARATION

These financial statements have been prepared on a going concern basis in accordance with Financial Reporting Standards 100 issued by the Financial Reporting Council, and applicable legal and regulatory requirements of Company Law and reflect the following policies which have been adopted and applied consistently.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the financial statements have been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

The financial statements have been prepared in US Dollars which is the Company's functional currency.

Consolidated accounts have not been prepared on the basis that the Company's ultimate parent company, Savannah Petroleum PLC, has prepared consolidated accounts for the group in accordance with EU adopted IFRS. Further details can be found at note 7.

#### CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The directors have not had to make judgements or estimates in the application of these accounting policies that have had a significant effect on the financial statements.

#### FOREIGN EXCHANGE

The financial statements are presented in US \$ which is also the functional currency of the company.

Transactions denominated in foreign currencies are translated into the functional currency using the exchange rates prevailing at the date of invoice. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated at the rates ruling at that date. Translation differences are recognised in the statement of comprehensive income.

#### GOING CONCERN

After taking account of the trading and cash flow forecasts for the next 12 months, and the receipt of a letter of financial support from its ultimate parent company, the director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

# Savannah Petroleum 2 Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

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### 1. ACCOUNTING POLICIES (CONTINUED)

#### TAXATION

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax is based on taxable profit for the period. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

#### INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost less any provision for impairment. If a distribution is received from that subsidiary, then the investment in that subsidiary is assessed for an indication of impairment.

#### CAPITAL

The capital structure of the Company consists of equity attributable to the owners of the Company, comprising issued share capital and retained earnings.

##### *Share capital*

Share capital comprises issued capital in respect of issued shares, at their par value.

##### *Share premium*

Share premium comprises the difference between the proceeds received and the par value of the issued shares.

##### *Retained earnings*

Retained earnings comprise the accumulated profit retained by the Company.

#### FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument. All of the Company's financial instruments are initially recognised at fair value and subsequently recognised as set out below.

Receivables comprise amounts due from group undertakings and are subsequently recognised at amortised cost under the effective interest method.

Financial liabilities held at amortised cost comprise amounts due to group undertakings.

**Savannah Petroleum 2 Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2017**

**2. TAXATION**

	Year ended 31 December 2017 \$	Year ended 31 December 2016 \$
Tax charge	-	-

Factors affecting tax charge for the period

The tax assessed for the period is lower than the UK corporation tax rate of 19.25% (2016: 20%) as explained below:

	Year ended 31 December 2017 \$	Year ended 31 December 2016 \$
(Loss) / profit before taxation	(2,220)	614
(Loss) / profit before taxation multiplied by the UK corporation tax rate of 19.25% (2016: 20%)	427	123
Group relief	(427)	(123)
Tax charge for the period	-	-

**3. INVESTMENT IN SUBSIDIARY**

	Total \$
<b>Cost and net book value</b>	
As at 31 December 2016 and 31 December 2017	20,730

The Company holds 95% of the ordinary share capital of Savannah Petroleum Niger R1/R2 S.A. a company incorporated in the Republic of Niger.

**4. TRADE AND OTHER RECEIVABLES**

	2017 \$	2016 \$
Amounts owed from group undertaking	562,501	562,501

**5. TRADE AND OTHER PAYABLES**

	2017 \$	2016 \$
Amounts owed to group undertakings	18,264	16,044

# Savannah Petroleum 2 Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### 6. SHARE CAPITAL

	2017	2016
Ordinary shares in issue (number)	<u>105,264</u>	<u>105,264</u>
Par value per share in \$	<u>0.00001</u>	<u>0.00001</u>

	Number of shares	Share capital \$	Share premium \$	Total \$
At 31 December 2016 and 2017	<u>105,264</u>	<u>1</u>	<u>562,500</u>	<u>562,501</u>

US\$562,501 relating to issued shares remains unpaid at 31 December 2017.

All shares have attached to them full voting, dividend and capital distribution rights; they do not confer any rights of redemption.

### 7. PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company is Savannah Petroleum 1 Limited, a company incorporated in Scotland.

The ultimate parent company and controlling entity, and the parent of the smallest and largest group that prepares consolidated financial statements and includes the company, is Savannah Petroleum PLC, a company incorporated in England. Copies of the group financial statements are available from Savannah Petroleum PLC, 40 Bank Street, London.