

Seven Star Natural Gas Limited

Annual Report and Audited Financial Statements

Year ended 31 March 2018

Registered No. 05330862

TUESDAY



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Seven Star Natural Gas Limited

Registered Number 05330862

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Seven Star Natural Gas Limited

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DIRECTORS' REPORT

The directors present their report and audited financial statements of Seven Star Natural Gas Limited (the 'Company') for the year ended 31 March 2018.

PRINCIPAL ACTIVITY

The principal activity of the Company is the exploration of natural gas reserves.

DIRECTORS AND THEIR INTERESTS

The directors throughout the year and subsequently were:

MD Holton (appointed 11 April 2018)

B Jackson (resigned 11 April 2018)

PTH Jenkinson (resigned 11 April 2018)

JH Milne (appointed 11 April 2018)

SS Pickering (appointed 11 April 2018)

No director held any beneficial interest in the Company during the year

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

At the time of approval of the Directors' Report, qualifying third party indemnity provision for the purposes of section 234 of the Companies Act was in force and was in force during the financial year for the benefit of the directors of the Company. From 11 April 2018, an associated company has agreed to indemnify past and present directors, in accordance with and subject to the terms of the corporate governance policy for the group headed by Infinis Energy Group Holdings Limited against liability and all expenses reasonably incurred or paid by them in connection with any claim, action, suit or proceedings in which they become involved in performance of their duties as a director and against amounts paid or incurred by them. At the time of the approval of the Directors' Report an associated company has also arranged directors' and officers' liability insurance.

FUTURE DEVELOPMENTS

The Company expects to continue in the search for development opportunities within exploration of natural gas reserves.

POST BALANCE SHEET EVENTS

The Company is part of the Barbican Holdco Limited group of companies. Barbican Holdco Limited was acquired by Infinis Energy Management Limited on 11 April 2018. As a result of this acquisition 3i Infrastructure plc became the ultimate parent undertaking of the Company.

On 15 August 2018 the outstanding banking facility of £246,500,000 provided to Infinis Energy Management Limited was repaid and was replaced by a new banking facility of £318,000,000, consisting of a £278,000,000 term loan and £40,000,000 revolving credit facility.

GOING CONCERN

There are no material uncertainties relating to events or conditions at or subsequent to the reporting date which may cast significant doubt over the ability of the Company to continue as a going concern. Despite the Company making a loss in the year and having net liabilities, the Directors believe the Company is able to successfully mitigate its business risks with the support of its parent company.

The Directors have considered the adoption of the going concern basis in preparing the financial statements and have formed the conclusion that there are no material uncertainties with respect to the Company's ability to continue as a going concern for the foreseeable future. In forming this view the Directors have considered the Company's current and forecasted performance, including the impact of reasonable downside sensitivities and all foreseeable uncertainties.

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DIRECTORS' REPORT (CONTINUED)

AUDITOR

Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

The Directors' Report is approved on behalf of the board by



MD Holton
Director

5 December 2018

Seven Star Natural Gas Limited

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DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEVEN STAR NATURAL GAS LIMITED

OPINION

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Seven Star Natural Gas Limited (the 'Company') which comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity
- the Significant Accounting Policies; and
- the related notes 1 to 17.

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).

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.

CONCLUSIONS RELATING TO GOING CONCERN

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEVEN STAR NATURAL GAS LIMITED (CONTINUED)

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 respect of these matters.

RESPONSIBILITIES OF DIRECTORS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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. This description forms part of our auditor's report.

USE OF OUR REPORT

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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.

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 any material misstatements in the Directors' Report.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEVEN STAR NATURAL GAS LIMITED (CONTINUED)

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006 we are required to report in respect of the following matters 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.
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

We have nothing to report in respect of these matters.



Anthony Matthews FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
7 December 2018

Seven Star Natural Gas Limited

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STATEMENT OF COMPREHENSIVE INCOME for the year 31 March 2018

	Notes	Year ended 31 March 2018 £	15 month period from 1 January 2016 to 31 March 2017 £
Administrative expenses		(276,819)	(96,472)
Non-recurring impairment of tangible fixed asset		-	(88,698)
Non-recurring impairment of gas asset		-	(1,040,668)
Operating loss	3	(276,819)	(1,225,838)
Interest receivable		38	118
Interest payable and similar charges	6	(32,589)	(50,396)
Loss before tax		(309,370)	(1,276,116)
Taxation	7	-	-
Loss after tax		(309,370)	(1,276,116)
Other comprehensive income for the period			
Other comprehensive income		-	-
Total comprehensive loss for the year/period		(309,370)	(1,276,116)

All amounts relate to continuing operations.

There were no recognised gains and losses for the year ended 31 March 2018 (2017: £NIL) other than those included in the Statement of Comprehensive Income.

The notes on pages 10 to 18 form part of these financial statements.

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STATEMENT OF FINANCIAL POSITION as at 31 March 2018

	Notes	31 March 2018 £	31 March 2017 £
Non-current assets			
Gas Assets	9	-	-
Tangible Assets	8	-	-
		-	-
Current assets			
Debtors: Amounts falling due within one year	10	35,401	46,141
Cash and cash equivalents		5,058	47,427
		40,459	93,568
Creditors: amounts falling due within one year	11	(70,916)	(7,655)
Net current (liabilities)/assets		(30,457)	85,913
Total assets less current liabilities		(30,457)	85,913
Provisions for liabilities			
Provisions	13	(1,303,000)	(1,110,000)
Net liabilities		(1,333,457)	(1,024,087)
CAPITAL AND RESERVES			
Called up share capital	14	100	100
Capital contribution reserve		1,067,141	1,067,141
Retained losses		(2,400,698)	(2,091,328)
Total equity		(1,333,457)	(1,024,087)

The notes on pages 10 to 18 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:



MD Holton
Director
5 December 2018

Seven Star Natural Gas Limited

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STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2018

	Share Capital £	Capital Contribution £	Retained Losses £	Total Equity £
At 1 January 2016	100	120,911	(815,212)	(694,201)
Loss for the period	-	-	(1,276,116)	(1,276,116)
Capital contribution	-	946,230	-	946,230
At 31 March 2017	100	1,067,141	(2,091,328)	(1,024,087)
At 1 April 2017	100	1,067,141	(2,091,328)	(1,024,087)
Loss for the year	-	-	(309,370)	(309,370)
At 31 March 2018	100	1,067,141	(2,400,698)	(1,333,457)

The notes on pages 10 to 18 for part of these financial statements.

Seven Star Natural Gas Limited

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2018

1. ACCOUNTING POLICIES

General Information

Seven Star Natural Gas Limited, a private company limited by shares, incorporated and domiciled in England and Wales. The Company's registered office and principal place of business is First Floor, 500 Pavilion Drive, Northampton Business Park, Northampton, NN4 7YJ. The registered number of the Company is 05330862.

The nature of the Company's operations and principal activities are set out in the Directors' Report on page 1.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statement in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 2).

The financial statements are presented in sterling and all values are rounded to the nearest pound (£) except where otherwise stated.

Going concern

The financial statements have been prepared under the going notwithstanding net current liabilities of £30,457 (2017: net current assets of £85,913). The Directors believe this to be appropriate because the Company is dependent for its working capital on funds provided to it by entities within the Infinis Group. Such entities or a common holding company of such entities and the Company have indicated they intend to ensure that the Company is able to meet its financial liabilities and obligations as they fall due for the twelve months after the date upon which the statutory accounts of the Company are finalised by signature of the audit opinion thereto, to the extent where applicable that the Company remains a subsidiary of such other members of the Infinis Group and the balances are outstanding from time to time, capable of repayment on demand and calling for such repayment would be likely to give rise to the inability of the Company to meet its financial obligations as they fall due. The Directors consider that this should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it or equivalent substitute support will not do so. Based on this undertaking the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Financial reporting standard 101 – reduced disclosure exemptions

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the Company's capital;
- the effect of future standards not yet adopted;
- a statement of cash flows;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by Alkane Energy Limited.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Alkane Energy Limited.

These financial statements do not include certain disclosure exemptions in respect of:

- financial instruments (other than certain disclosures required as a result of recording financial instruments at fair value).

Trade and other debtors

Trade debtors are recognised and carried at the lower of their original invoiced value and the recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

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NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank, cash in hand and short-term deposits with an original maturity of three months or less.

Trade and other creditors

Trade payables are stated at original invoice value. They are recognised on the trade date of the related transactions.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date. Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity; otherwise income tax is recognised in the Statement of Comprehensive Income.

Gas assets

Gas assets comprise:

- Exploration and evaluation assets which are the costs incurred associated with finding gas resources which include:
 - (a) acquisition of rights to explore;
 - (b) research and appraisal costs;
 - (c) topographical, geological, geochemical and geophysical studies;
 - (d) exploratory drilling.
- Development and operation assets which comprise the costs of developing and operating the site when the technical feasibility and commercial viability of extracting gas is demonstrable and leads to gas being sold to third parties or used by the Company to generate electricity that is then sold to third parties. The capitalised cost of development and operation assets includes the estimated cost of site restoration at date of closure.

Expenditure on exploration and evaluation assets are accounted for under IFRS 6. The Company has adopted the successful efforts method of accounting for exploration and evaluation assets. The capitalised costs for areas determined to be unsuccessful are written off in the period in which the determination is made.

When the technical feasibility and commercial viability of extracting resources are demonstrable and the point where success within a licence area can be assessed, the capitalised costs are transferred to development and operational assets. At this point exploration and evaluation assets are assessed for impairment and any impairment loss recognised, before reclassification.

Development and operation assets are stated at cost net of depletion and accumulated impairment losses. In assessing the annual depletion of development and operational assets the unit of production method is applied.

Commercial reserves used in the unit of production calculations are proven and probable gas reserves. The directors calculate the reserves estimates by reference to mine records of void space and coal methane content, together with an assessment of rising mine water.

The effects of changes in estimated costs or other factors affecting unit of production calculations for depreciation are dealt with prospectively over the estimated remaining commercial reserves of each licence area.

The carrying values of gas assets are reviewed for impairment annually and also when events or changes in circumstances indicate the carrying value may not be recoverable. If such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The recoverable amount of gas assets is the greater of net selling price and value in use. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assumptions of the time value of money and the risks specific to the asset. Impairment losses are recognised in the Statement of Comprehensive Income.

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NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid or expended during construction and includes costs directly attributable to making the asset capable of operating as intended.

Certain items of plant are subject to a major service at regular intervals. The element of plant subject to a major service is identified at the date of acquisition and is depreciated over the period between each service. When an item of plant receives a major service, the associated costs are capitalised and depreciated over the period up to the next service. The original cost and depreciation are de-recognised. Routine service costs are expensed to the Statement of Comprehensive Income.

Depreciation is provided on all property, plant and equipment at rates calculated to write down the cost, less estimated residual value based on prices prevailing at the Statement of Financial Position date over its expected useful life as follows:

Plant and machinery	-	over 5 to 25 years hours usage/straight-line
Plant and machinery – major service	-	over the service interval period reducing balance/straight-line

The carrying values of property, plant and equipment are reviewed for impairment annually and also when events or changes in circumstances indicate that the carrying value may not be recoverable.

Deferred taxation

Deferred tax is recognised in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the Statement of Financial Position date.

Provisions for Liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. The expense relating to any provision is presented in the profit and loss account less any reimbursement.

A specific provision is made for the restoration of sites. The Directors estimate the date of closure and cost of restoration for each site. A discount factor is applied to the expected costs in order to arrive at the present value reflected in the provision. The unwinding of discount is treated as a finance cost in the Statement of Comprehensive Income.

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NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (CONTINUED)

Adoption of standards

(a) New standards, interpretations and amendments effective from 1 January 2017:

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2017. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

(b) The following standards were issued and available for early application but have not yet been applied by the Company in these financial statements. The Company intends to apply these on the effective date:

- IFRS 15 Revenue from Contracts with Customers;
- IFRS 9 Financial Instruments;
- IFRS 16 Leases;
- IAS 7 (Amendment) Disclosure Initiative;
- IAS 12 (Amendment) Recognition of Deferred Tax Assets for Unrealised Losses; and
- IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its associate or Joint Venture.

The Directors anticipate the adoption of these standards will not result in significant changes to the Company's accounting policies. The Company has commenced its assessment of the impact of these standards but is not yet in a position to state whether these standards would have a material impact on its results of operations and financial position.

2. SIGNIFICANT ESTIMATES AND JUDGEMENTS

The estimates and judgements that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Gas asset impairment – the carrying value of assets is subject to a periodic review by the Directors for any impairment indicators (see note 9).

Restoration provision: the present value of the future costs associated with the closure and restoration of sites is estimated by management through consideration of the known costs of comparable processes (see note 13).

Tangible fixed assets: tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values (see note 8).

3. OPERATING LOSS

Operating Loss is stated after charging the following:

	Year ended 31 March 2018	15 month period from 1 January 2016 to 31 March 2017
	£	£
Non-recurring impairment of Tangible Fixed Assets (see note 8)	-	88,698
Non-recurring impairment of Gas Assets	-	1,040,668

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NOTES TO THE FINANCIAL STATEMENTS

4. EMPLOYEES AND DIRECTORS

The Company had no employees during the current year or prior period. The Directors received no emoluments or pension contributions in respect of services to the Company or in the current or prior period.

5. AUDITOR'S REMUNERATION

	Year ended 31 March 2018 £	Period ended 31 March 2017 £
Fee for the audit of the Company	4,000	4,000

Auditor's remuneration is paid by the parent company Alkane Energy Limited.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 March 2018 £	Period ended 31 March 2017 £
Loans from Group Undertakings	9,589	14,396
Unwinding of Discount on Provision (Note 13)	23,000	36,000
	32,589	50,396

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NOTES TO THE FINANCIAL STATEMENTS

7. TAXATION

	2018	2017
(a) Tax on ordinary activities	£	£
Current tax on profits for the period	-	-
Deferred tax	-	-
Total tax	-	-

Reconciliation of total tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19% (2017: 20%)

	Year ended 31 March 2018 £	Period ended 31 March 2017 £
Loss before tax	(309,370)	(1,276,116)
Loss multiplied by the UK standard rate of corporation tax 19% (2017: 20%)	(58,780)	(255,223)
Effects of:		
Expenses not deductible for tax	68,000	-
Amounts not recognised	55,748	255,223
Differences in tax rates	(64,968)	-
Total tax charge for the period	-	-

Factors that may affect future tax charges

The main rate of corporation tax was reduced to 20% from 1 April 2015 and the effect is recognised in these financial statements. Further reductions have reduced the main rate of corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020. Finance Act 2016 introduced further legislation to reduce the main rate of corporation tax to 17% from 1 April 2020 and these rates have therefore been used to measure deferred tax assets and liabilities where applicable.

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NOTES TO THE FINANCIAL STATEMENTS

8. TANGIBLE FIXED ASSETS

	Plant and Machinery £	Total £
Cost:		
At 1 April 2017	88,698	88,698
Disposals	(88,698)	(88,698)
At 31 March 2018	-	-
Depreciation:		
At 1 April 2017	88,698	88,698
Disposals	(88,698)	(88,698)
At 31 March 2017	-	-
Net book value		
At 31 March 2017	-	-
At 31 March 2018	-	-

9. GAS ASSETS

	Exploration and evaluation £	Development and operation £	Total £
Cost:			
As at 1 April 2017	1,182,922	2,866,427	4,049,349
At 31 March 2018	1,182,922	2,866,427	4,049,349
Depletion:			
As at 1 April 2017	1,182,922	2,866,427	4,049,349
At 31 March 2017	1,182,922	2,866,427	4,049,349
Opening net book value at 1 April 2017	-	-	-
Closing net book value at 31 March 2018	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS

10. DEBTORS

	Year ended 31 March 2018 £	Period ended 31 March 2017 £
Due within one year		
Other debtors	10,886	10,334
Amounts owed by group undertakings	6,478	11,799
Prepayments and accrued income	18,037	24,008
	35,401	46,141

The amount owed by group undertakings is repayable on demand and as such attracts no interest.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Year ended 31 March 2018 £	Period ended 31 March 2017 £
Trade creditors	7,218	5,325
Amounts owed to group undertakings	54,358	-
Accruals and deferred income	9,340	2,330
	70,916	7,655

The amount owed to group undertakings was repayable on demand and as such attracted no interest.

12. DEFERRED TAX ASSET

	Year ended 31 March 2018 £	Period ended 31 March 2017 £
Unrecognised deferred tax assets:		
Accelerated Capital Allowances	662,412	315,521
Short term temporary difference	24,546	(402)
Tax losses carried forward	136,491	84,443
	823,449	399,562

13. PROVISIONS

	Site Restoration £
As at 1 April 2017	1,110,000
Additions	170,000
Unwinding of Discount	23,000
At 31 March 2018	1,303,000

Site restoration

A provision is recognised for the expected costs of the restoration of sites. An estimate is made of the date of closure of each site and a discount factor is applied to the expected costs in order to arrive at present value reflected in the provision. It is expected that these costs will be incurred in the period up to 2035.

Seven Star Natural Gas Limited

Registered Number 05330862

NOTES TO THE FINANCIAL STATEMENTS

14. AUTHORISED AND ISSUED SHARE CAPITAL

	Year ended 31 March 2018 £	Period ended 31 March 2017 £
Allotted, called up and fully paid		
100 ordinary share of £1 each	100	100

15. RELATED PARTY TRANSACTIONS

Egdon Resources Plc is a company of which PTH Jenkinson is a common director during the year. During the year the Company has made sales of services to Egdon Resources Plc, of £25,000 (2017: £20,000). The balance outstanding at the year end in relation to these sales was £NIL (2017: £NIL).

During the year the company entered into transactions, in the ordinary course of business, with other related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow group companies.

16. CONTROLLING PARTY

The Company's immediate parent undertaking is Alkane Energy Limited, a company incorporated in the United Kingdom. Alkane Energy Limited is part of the Barbican Holdco Limited group of companies ("Barbican Holdco"), the smallest and largest group to include these numbers in consolidated financial statements, copies of which are available from its registered office: First Floor, 500 Pavilion Drive, Northampton Business Park, Northampton, NN4 7YJ.

At 11 April 2018, the Company became a member of the Infinis Energy group of companies which is headed by Infinis Energy Group Holdings Limited. 3i LFG Topco Limited, a company registered in Jersey, is the immediate parent and sole shareholder of Infinis Energy Group Holdings Limited. The ultimate controlling entity is 3i Infrastructure plc, a company registered in Jersey

17. POST BALANCE SHEET EVENT

The Company is part of the Barbican Holdco Limited group of companies. Barbican Holdco Limited was acquired by Infinis Energy Management Limited on 11 April 2018. As a result of this acquisition 3i Infrastructure plc became the ultimate parent undertaking of the Company.

On 15 August 2018 the outstanding banking facility of £246,500,000 provided to Infinis Energy Management Limited was repaid and was replaced by a new banking facility of £318,000,000, consisting of a £278,000,000 term loan and £40,000,000 revolving credit facility.