

Cuadrilla Resources Limited

Annual report and financial statements

Registered number 6472493

For the year ended 31 December 2015

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Strategic report

During the year, the Company's subsidiaries have continued their exploration programme at a number of sites in Europe.

We are very pleased to say that following a twelve month appeal process we have now received planning consent for our proposed shale gas exploration site at Preston New Road in Lancashire. We are now focused on ensuring that planning conditions are discharged smoothly and plan to begin site build towards the end of this year. We expect to be drilling wells in the first half of 2017 and testing the flow of gas from those wells in the second half. Regarding our similar application for a proposed site at Roseacre Wood, I am encouraged that the Secretary of State is minded to grant subject to further consultation on highways conditions, and we look forward to demonstrating that we can meet these requirements.

We are very confident that our operations will be safe and responsible and the comprehensive site monitoring programmes planned by ourselves, by regulators and by independent academic institutions will in due course conclusively demonstrate this. Throughout our operations communication and engagement with the local community will remain a priority for us. This consent has given Lancashire a big vote of confidence in its economic and energy future and we are proud to be at the forefront in delivering this exciting opportunity for the County.

Earlier this year we cemented our commitment to Lancashire by moving our headquarters from Staffordshire to Bamber Bridge, just South of Preston, with the refurbishment and associated refit of our new offices being carried out by Lancashire based companies. Whilst the move meant we bid farewell to some long standing employees, who chose not to make the move North due to personal commitments, we are delighted to have created eight full time roles in as many months for locally based people. Receiving planning consent means we will increase employment and procurement opportunities for Lancashire and we are committed to putting Lancashire people and businesses first as we progress our work in the County.

Across the Pennines we have now formally accepted the award of further onshore exploration licences issued by the UK Oil & Gas Authority. These licences total approximately 1274km² in area, and are located in Yorkshire. Whilst our current operational focus remains primarily in Lancashire, we will be undertaking desktop studies for this new exploration acreage. This will give us a very detailed understanding of the geology deep underneath the licence areas, helping to assess where future exploration sites can subsequently be located.

The result for the year is a loss of \$1,393,000 (2013: \$5,624,000).

The Directors do not recommend the payment of a dividend.

Principal risks and uncertainties

From the perspective of the Company, principal risks and uncertainties are integrated with the principal risks of the Cuadrilla group and are not managed separately. Accordingly, the principal risks and uncertainties of Cuadrilla Resources Holdings Limited, which include those of the Company, are discussed in the directors' report of the group's financial statements which does not form part of this report.

Key Performance Indicators ("KPIs")

The directors of Cuadrilla Resources Holdings Limited manage the group's operations on a combined basis. For this reason, the company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the Company.


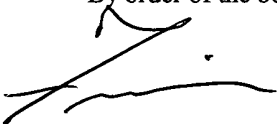
Strategic report *(continued)*

Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate.

The Directors have reviewed the forecast cash requirements of the group for the 12 months following the date of signing these accounts and, after making appropriate enquiries, they have satisfied themselves that the group will be able to meet its external liabilities as they fall due for payment.

By order of the board



Francis Egan
Director

6 October 2016

Directors' report

The directors of Cuadrilla Resources Limited (the "Company") present their strategic report, directors' report and financial statements for the year ended 31 December 2015.

Principal activities

The principal activity of the Company is the provision of management services to its subsidiary companies who are involved in the exploration of onshore oil and gas.

Directors

The directors who held office in the period to the date of this report were as follows:

Francis Egan	
Andrew Quarles van Ufford	
Anthony Carruthers	(resigned 31 August 2015)
Andrew Price	(resigned 25 September 2015)

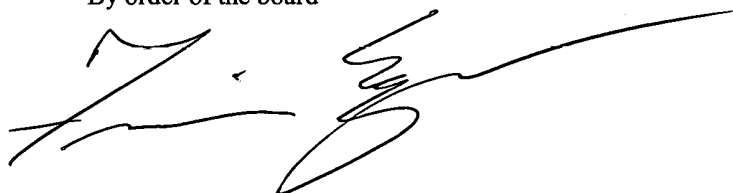
Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

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

By order of the board



Francis Egan
Director

6 October 2016

Cuadrilla House
Unit 6 Sceptre Court
Sceptre Way
Bamber Bridge
Preston
Lancashire
PR5 6AW

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

The directors are responsible for preparing the Strategic Report and Director's Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare financial statements in accordance with IFRSs as adopted by the EU and applicable law.

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 estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 have general responsibility for taking steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

Independent auditor's report to the members of Cuadrilla Resources Limited

We have audited the financial statements of Cuadrilla Resources Limited for the year ended 31 December 2015 set out on pages 7 to 20. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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.

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Cuadrilla Resources Limited *(continued)*

Matters on which we are required to report by exception

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



Peter Meehan (Senior Statutory Auditor)
for and on behalf of KPMG LLP

Chartered Accountants

6 October 2016

Income statement and comprehensive income
for the year ended 31 December 2015

	<i>Note</i>	2015 \$000	2014 \$000
Revenue	1	5,033	4,947
Gross profit		5,033	4,947
<i>Operating expenses</i>		<i>(702)</i>	<i>(880)</i>
<i>Administrative expenses</i>		<i>(4,931)</i>	<i>(4,306)</i>
<i>Provision for impairment of intercompany loans</i>		<i>(840)</i>	<i>(5,477)</i>
Operating loss	1,5	(1,440)	(5,716)
<i>Financial income</i>	6	47	92
Loss before tax		(1,393)	(5,624)
<i>Taxation</i>	7	-	-
Loss for the year		(1,393)	(5,624)

The results above relate to continuing operations.

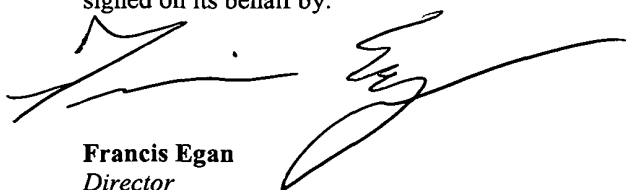
The Company has no other income or expenses recognised in the year, other than those shown in the 'Income Statement and Comprehensive Income' above.

The accompanying notes on pages 10 to 20 form an integral part of these financial statements.

Balance sheet
at 31 December 2015

	Note	2015 \$000	2014 \$000
Non-current assets			
Property, plant and equipment	8	19	164
Intangible assets	9	150	247
Investments in subsidiaries	10	92	92
		<u>261</u>	<u>503</u>
Current assets			
Trade and other receivables	11	100,040	95,164
Cash		2,729	5,582
		<u>102,769</u>	<u>100,746</u>
Total assets		<u>103,030</u>	<u>101,249</u>
Current liabilities			
Trade and other payables	12	(107,120)	(103,946)
Total liabilities		<u>(107,120)</u>	<u>(103,946)</u>
Net liabilities		<u>(4,090)</u>	<u>(2,697)</u>
Equity attributable to equity holders of the parent			
Share capital	13	-	-
Retained losses	13	(4,090)	(2,697)
Total equity		<u>(4,090)</u>	<u>(2,697)</u>

These financial statements were approved by the board of directors on 6 October 2016 and were signed on its behalf by:


Francis Egan
Director

Company registered number: 6472493

The accompanying notes on pages 10 to 20 form an integral part of these financial statements.

Cash flow statement
for the year ended 31 December 2015

	<i>2015</i> <i>\$000</i>	<i>2014</i> <i>\$000</i>
<i>Cash flows from operating activities</i>		
<i>Loss for the year</i>	<i>(1,393)</i>	<i>(5,624)</i>
<i>Adjustments for:</i>		
<i>Depreciation and amortisation</i>	<i>242</i>	<i>188</i>
<i>Foreign exchange gains</i>	<i>(90)</i>	<i>(161)</i>
<i>Impairment of loans to subsidiaries</i>	<i>840</i>	<i>5,477</i>
<i>Financial income</i>	<i>(47)</i>	<i>(92)</i>
<i>Increase in trade and other receivables</i>	<i>(5,676)</i>	<i>(6,648)</i>
<i>Increase/(decrease) in trade and other payables</i>	<i>3,174</i>	<i>(1,576)</i>
	<hr/>	<hr/>
<i>Net cash outflow from operating activities</i>	<i>(2,950)</i>	<i>(8,436)</i>
	<hr/>	<hr/>
<i>Cash flows from investing activities</i>		
<i>Proceeds from disposal of property, plant and equipment</i>	<i>4</i>	<i>1</i>
<i>Purchases of property, plant and equipment</i>	<i>(4)</i>	<i>(78)</i>
<i>Purchases of intangible assets</i>	<i>-</i>	<i>(87)</i>
<i>Interest received</i>	<i>7</i>	<i>57</i>
	<hr/>	<hr/>
<i>Net cash (outflow)/inflow from investing activities</i>	<i>7</i>	<i>(107)</i>
	<hr/>	<hr/>
<i>Net decrease in cash</i>	<i>(2,943)</i>	<i>(8,543)</i>
<i>Cash at start of year</i>	<i>5,582</i>	<i>13,964</i>
<i>Effect of exchange rate fluctuations on cash held</i>	<i>90</i>	<i>161</i>
	<hr/>	<hr/>
<i>Cash at 31 December</i>	<i>2,729</i>	<i>5,582</i>
	<hr/>	<hr/>

The accompanying notes on pages 10 to 20 form an integral part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Cuadrilla Resources Limited (the “Company”) is a company incorporated in and domiciled in the United Kingdom.

The financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”) and applied in accordance with the provisions of the Companies Act 2006.

The Company’s financial statements are presented in US dollars, which is the Company’s functional and presentation currency.

Measurement convention

The financial statements are prepared on the historical cost basis. Non-current assets are stated at the lower of previous carrying amount and fair value less costs to sell.

Foreign currency

Transactions in foreign currencies are translated to the functional currencies of Company at the foreign exchange rate issued at by Her Majesty’s Revenue & Customs at the beginning of the month in which the transaction occurs. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency gains and losses are reported on a net basis within administrative costs.

Investments

Investments in subsidiaries are stated at cost less impairment.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Property, plant and equipment

Tangible fixed assets are classified as property, plant and equipment. These assets, which are not subject to depletion, are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- Fixtures, fittings and equipment 4 years
- Motor vehicles 4 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Notes (continued)

1 Accounting policies (continued)

Intangible assets – computer software

Computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the expected useful economic life of 4 years.

Revenue

Revenue is recognised at the fair value of the consideration received or receivable from subsidiaries in respect of management services supplied during the period once the risks and rewards of the supply have been transferred.

Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Financing income

Financing income is interest receivable on funds invested.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes (continued)

2 Business and geographical segments

The Company has a single class of business which is the provision of management services to its subsidiary companies who are involved in the exploration of oil and gas in Europe. All sales are management charges to subsidiaries.

3 Staff numbers and costs

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

	<i>Number of employees</i>	
	<i>Company</i>	
	2015	2014
Management	27	30

The aggregate payroll costs of these persons were as follows:

	2015	2014
	\$000	\$000
<i>Wages and salaries</i>	4,416	4,436
<i>Social security costs</i>	511	550
<i>Contributions to defined contribution plans</i>	211	224
	<u>5,138</u>	<u>5,210</u>

4 Directors' remuneration

	2015	2014
	\$000	\$000
Directors' emoluments	1,687	1,942

No retirement benefits accrued to any of the directors under defined benefit pension schemes.

5 Operating loss

Included in operating loss for the year are the following:

	2015	2014
	\$000	\$000
<i>Impairment of loans to subsidiaries</i>	840	5,477
<i>Depreciation of tangible fixed assets</i>	145	98
<i>Amortisation of intangible assets</i>	97	90
<i>Operating lease charges – land and buildings</i>	323	280
<i>Operating lease charges – motor vehicles</i>	47	32
<i>Foreign exchange gains</i>	(90)	(161)

Audit fees are borne by the parent company.

Notes (continued)

6 Finance income

Recognised in the income statement

	2015 \$000	2014 \$000
<i>Interest income on loan to subsidiary undertaking</i>	40	35
<i>Interest income on bank balances</i>	7	57
	<u>47</u>	<u>92</u>

7 Taxation

Recognised in the income statement

	2015 \$000	2014 \$000
<i>Current tax expense</i>	-	-
<i>Deferred tax expense</i>	-	-
	<u>-</u>	<u>-</u>
<i>Total tax expense</i>	<u>-</u>	<u>-</u>

Reconciliation of effective tax rate

	2015 \$000	2014 \$000
<i>Loss before tax for the year</i>	<u>(1,393)</u>	<u>(5,624)</u>
<i>Tax using the UK corporation tax rate of 20.25% (2014: 21.5%)</i>	282	1,209
<i>Depreciation in excess of capital allowances for which no deferred tax asset is recognised</i>	(25)	(21)
<i>Non-deductible expenses</i>	(202)	(1,187)
<i>Current year losses for which no deferred tax asset is recognised</i>	(55)	(1)
	<u>-</u>	<u>-</u>
<i>Total tax expense</i>	<u>-</u>	<u>-</u>

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and from 21% to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 16 March 2016, the Chancellor announced additional planned reductions to 17% by 2020. This will reduce the company's future current tax charge accordingly. Tax has been recorded at the effective blended rate for the period of 20.25% (2014: 21.5%).

No provision for tax has been made as the Company has estimated accumulated tax losses of \$480,000 (2014: \$65,000) which are available for offset against future taxable income. A deferred tax asset has not been recognised as it is uncertain when the Company will be able to utilise the losses. The Company also has an unrecognised deferred tax asset in respect of property, plant and equipment of \$8,000 (2014: \$80,000).

Notes (continued)

8 Property, plant and equipment

	<i>Fixtures, fittings & equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Cost			
<i>Balance at 1 January 2014</i>	360	131	491
<i>Additions</i>	78	-	78
<i>Disposals</i>	(2)	-	(2)
	<hr/>	<hr/>	<hr/>
<i>Balance at 31 December 2014</i>	436	131	567
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Balance at 1 January 2015</i>	436	131	567
<i>Additions</i>	4	-	4
<i>Disposals</i>	(382)	(131)	(513)
	<hr/>	<hr/>	<hr/>
<i>Balance at 31 December 2015</i>	58	-	58
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Depreciation			
<i>Balance at 1 January 2014</i>	(209)	(97)	(306)
<i>Depreciation charge for the year</i>	(76)	(22)	(98)
<i>Disposals</i>	1	-	1
	<hr/>	<hr/>	<hr/>
<i>Balance at 31 December 2014</i>	(284)	(119)	(403)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Balance at 1 January 2015</i>	(284)	(119)	(403)
<i>Depreciation charge for the year</i>	(137)	(8)	(145)
<i>Disposals</i>	382	127	509
	<hr/>	<hr/>	<hr/>
<i>Balance at 31 December 2015</i>	(39)	-	(39)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value			
<i>At 1 January 2014</i>	151	34	185
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>At 31 December 2014 and 1 January 2015</i>	152	12	164
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>At 31 December 2015</i>	19	-	19
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The depreciation charge is recognised within administrative costs for the year.

Notes (continued)

9 Intangible assets

<i>Cost</i>	<i>Software \$000</i>
<i>At 1 January 2014</i>	352
<i>Additions</i>	87
	<hr/>
<i>Balance at 31 December 2014</i>	439
	<hr/>
<i>At 1 January 2015</i>	439
<i>Disposals</i>	(125)
	<hr/>
<i>Balance at 31 December 2015</i>	314
	<hr/>
<i>Amortisation</i>	
<i>At 1 January 2014</i>	(102)
<i>Amortisation charge for the year</i>	(90)
	<hr/>
<i>Balance at 31 December 2014</i>	(192)
	<hr/>
<i>At 1 January 2015</i>	(192)
<i>Amortisation charge for the year</i>	(97)
<i>Disposals</i>	125
	<hr/>
<i>Balance at 31 December 2015</i>	(164)
	<hr/>
<i>Net book value</i>	
<i>At 1 January 2014</i>	250
	<hr/>
<i>At 31 December 2014 and 1 January 2015</i>	247
	<hr/>
<i>At 31 December 2015</i>	150
	<hr/>

The amortisation charge is recognised within administrative costs for the year.

Notes (continued)

10 Investments in subsidiaries

	<i>Shares in subsidiary undertakings</i>
	<i>2015</i>
	<i>\$000</i>
<i>Cost and net book value</i>	
<i>Balance at 1 January 2015 and 31 December 2015</i>	<i>92</i>

Principal subsidiaries

Details of the Company's principal subsidiaries at 31 December 2015 are as follows:

	<i>Country of Incorporation</i>	<i>Nature of business</i>	<i>Class of shares held</i>	<i>Ownership</i>
<i>Cuadrilla Bowland Limited</i>	<i>UK</i>	<i>Oil and gas exploration</i>	<i>Ordinary</i>	<i>100%</i>
<i>Cuadrilla Elswick Limited</i>	<i>UK</i>	<i>Oil and gas exploration</i>	<i>Ordinary</i>	<i>100%</i>
<i>Cuadrilla Balcombe Limited</i>	<i>UK</i>	<i>Oil and gas exploration</i>	<i>Ordinary</i>	<i>100%</i>
<i>Cuadrilla Weald Limited</i>	<i>UK</i>	<i>Oil and gas exploration</i>	<i>Ordinary</i>	<i>100%</i>
<i>Cuadrilla Elswick (No.2) Limited</i>	<i>UK</i>	<i>Oil and gas exploration</i>	<i>Ordinary</i>	<i>100%</i>
<i>Cuadrilla Brabant BV</i>	<i>Netherlands</i>	<i>Oil and gas exploration</i>	<i>Ordinary</i>	<i>100%</i>
<i>Cuadrilla Hardenberg BV</i>	<i>Netherlands</i>	<i>Oil and gas exploration</i>	<i>Ordinary</i>	<i>100%</i>
<i>Cuadrilla Poland Sp.Zo.o</i>	<i>Poland</i>	<i>Oil and gas exploration</i>	<i>Ordinary</i>	<i>100%</i>
<i>Cuadrilla Well Services Limited</i>	<i>UK</i>	<i>Services for oil and gas exploration</i>	<i>Ordinary</i>	<i>100%</i>
<i>Susquehanna Natural Resources Co</i>	<i>USA</i>	<i>Services for oil and gas exploration</i>	<i>Ordinary</i>	<i>100%</i>
<i>Cuadrilla Hungary Limited</i>	<i>UK</i>	<i>Investment holding</i>	<i>Ordinary</i>	<i>100%</i>

11 Trade and other receivables

	<i>2015</i>	<i>2014</i>
	<i>\$000</i>	<i>\$000</i>
<i>Current</i>		
<i>Trade receivables</i>	<i>110</i>	<i>-</i>
<i>Trade receivables due from related parties (note 17)</i>	<i>98,201</i>	<i>93,944</i>
<i>Prepayments</i>	<i>173</i>	<i>299</i>
<i>Other receivables due from related parties (note 17)</i>	<i>-</i>	<i>148</i>
<i>Other receivables</i>	<i>1,556</i>	<i>773</i>
	<i>100,040</i>	<i>95,164</i>

All trade and other receivables are current.

Notes (continued)

12 Trade and other payables

	2015 \$000	2014 \$000
Current		
Trade payables	1,176	2,312
Amounts due to immediate parent company (note 17)	104,755	100,905
Social security and other taxes	151	372
Accrued expenses	1,038	357
	<u>107,120</u>	<u>103,946</u>

Amounts due to the immediate parent company relate to the settlement of liabilities on behalf of the Company. The amounts bear no interest and are repayable on demand. See Note 1 relating to the parent company's ongoing financial support.

13 Capital and reserves

Reconciliation of movement in capital and reserves

	Share capital \$000	Retained profits \$000	Total Equity \$000
Balance at 1 January 2014	-	2,927	2,927
Total recognised income and expense	-	(5,624)	(5,624)
	<u>-</u>	<u>(2,697)</u>	<u>(2,697)</u>
Balance at 31 December 2014	-	(2,697)	(2,697)
	<u>-</u>	<u>(2,697)</u>	<u>(2,697)</u>
Balance at 1 January 2015	-	(2,697)	(2,697)
Total recognised income and expense	-	(1,393)	(1,393)
	<u>-</u>	<u>(4,090)</u>	<u>(4,090)</u>
Balance at 31 December 2015	-	(4,090)	(4,090)

Share capital

	2015 number	2014 number
Ordinary shares		
On issue at 31 December – fully paid	100	100
	<u>100</u>	<u>100</u>
	2015	2014
	\$	\$
Allotted, called up and fully paid		
Ordinary shares of \$1.50 each	150	150
	<u>150</u>	<u>150</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Notes (continued)

14 Financial instruments

14(a) Fair value of financial instruments

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Fair values

The fair values of financial assets and liabilities are considered to be the same as the carrying amounts.

14(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The Company has no significant exposure to credit risk at 31 December 2015.

14(c) Liquidity risk

Financial risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's most significant creditor is an intercompany balance with its parent company, which although it is repayable on demand, the parent company has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and in particular will not seek repayment of the amounts currently made available.

14(d) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

Exposure to interest rate risks arise in the normal course of the Company's business. The Company's exposure to foreign currency risk is not considered significant.

14(e) Capital management

The Company is dependent for its working capital on funds provided to it by Cuadrilla Resources Holdings Limited, the Company's parent. Management have reviewed the forecast cash requirements of the group for the following 12 months and have satisfied themselves that the group will be able to meet its external liabilities as they fall due for payment.

Notes (continued)

15 Operating lease commitments

The Company leases land, buildings and vehicles under a number of operating leases. During the year \$370,000 (2014:\$312,000) was recognised as an expense in the income statement in respect of leases.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2015 \$000	2014 \$000
<i>Less than one year</i>	151	286
<i>Between one and five years</i>	141	115
	<u>292</u>	<u>401</u>

16 Contingencies

The Company is part of a group registration for VAT.

17 Related parties

Management fees

The Company has recognised income of \$5,033,000 in respect of management fees (2014:\$4,947,000). Management fees are charges for operational and administrative services provided by the Company to subsidiary companies. The management fees are agreed to by both parties and are recorded at a value equivalent to the cost to the Company.

Directors and key management loans

The Company has advanced loans to key management and directors of the Company of \$nil (2014:\$148,000) to enable them to participate in the equity of the parent company. These loans are interest free.

Other related party transactions

	<i>Receivables outstanding</i>		<i>Payables outstanding</i>	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
<i>Immediate parent company</i>	-	-	104,755	100,905
<i>Subsidiaries</i>	98,129	93,904	-	-
<i>AJ Lucas Group Limited (see note 18)</i>	72	40	-	-
	<u>98,201</u>	<u>93,944</u>	<u>104,755</u>	<u>100,905</u>

All intercompany accounts are current.

Notes *(continued)*

18 Ultimate parent company and parent company of larger group

The company is a subsidiary of Cuadrilla Resources Holdings Limited which is jointly controlled by its shareholders:

- Lucas Cuadrilla PTY Limited (45%);
- Riverstone/Carlyle Global Energy and Power Fund IV (Cayman) LP (45%); and
- Management team and employees (10%).

The largest and smallest consolidated financial statements into which the results of the Company are consolidated are those of the ultimate parent company, Cuadrilla Resources Holdings Limited. Cuadrilla Resources Holdings Limited is a company incorporated in the United Kingdom and copies of the consolidated financial statements are available from Companies House, Crown Way, Cardiff, CF14 3UZ.