

Trinity Exploration and Production Services (UK) Limited
Annual Report and Financial Statements
For the Year Ended 31 December 2020

Company number: 06581076



TRINITY EXPLORATION AND PRODUCTION SERVICES (UK) LIMITED
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FOR THE YEAR ENDED 31 DECEMBER 2020

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**TRINITY EXPLORATION AND PRODUCTION SERVICES (UK) LIMITED
COMPANY**
FOR THE YEAR ENDED 31 DECEMBER 2020

DIRECTORS:

B A I Dingwall
J Bridglalsingh

SECRETARY:

Amba Secretaries Limited

REGISTERED OFFICE:

C/O Pinsent Masons LLP
1 Park Row,
Leeds
England,
LS1 5AB

REGISTERED NUMBER:

06581076 (England and Wales)

INDEPENDENT AUDITOR:

BDO LLP
55 Baker Street
London
W1U 7EU
United Kingdom

TRINITY EXPLORATION AND PRODUCTION SERVICES (UK) LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their Strategic Report on Trinity Exploration and Production Services (UK) Limited ("the Company") for the year ended 31 December 2020.

Principal activity

The principal activity of the Company is primarily the provision of management and administrative services to other Group companies.

Business review and results

The Company made a loss of \$0.6 million for the year (2019: \$0.6 million) which has been transferred to reserves. At 31 December 2020, the Company had net liabilities of \$5.4 million (2019: \$4.7 million). The Directors do not recommend the payment of a dividend (2019: nil). The Company's key financial performance indicators during the year and at the year-end were as follows:

	2020	2019
	US\$000	US\$000
Operating Loss Before Taxation	(629)	(568)
Net current liabilities	(5,414)	(4,662)

During the year the Company incurred costs in relation to the UK office and personnel costs, as well as various consultants, which have been recharged out to Group companies.

Principal risks and uncertainties

The company is primarily a service company and consequently there are no principal risks and uncertainties arising from trade activities.

There are business risks that lie with the ultimate parent company and as such would have an indirect effect on the company. The continued presence of the Covid-19 pandemic has given rise to an inherent uncertainty, since the ultimate parent company has to monitor and manage any adverse economic effect of the pandemic. However, the directors of the group had a measured response to the pandemic where there were no forced shut ins or interruptions in the Group's operations. Reference can be made to group Annual Report, note 1 *Background and Summary of Significant Accounting Policies (Going Concern section)* for greater details.

Future developments

The future development of the Company is dependent on the overall performance of the Group. Management focuses on the cashflow forecast in connection with the strategic plans that were put in place to deal with the potential impact of Covid-19 pandemic. However, at this stage the directors believe that the Group does not face any immediate risks as oil prices have been steadily increasing over the past few months. As a result, there is no expected changes in the nature of the Company in the near future.

ON BEHALF OF THE BOARD:


JEREMY BRIDGLALSINGH
Director

September 27, 2021

TRINITY EXPLORATION AND PRODUCTION SERVICES (UK) LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their report together with the audited financial statements of Trinity Exploration and Production Services (UK) Limited for the year ended 31 December 2020.

PERFORMANCE IN THE YEAR AND FUTURE DEVELOPMENTS

Information on the Company's performance in the year and likely future developments are presented in the Strategic Report.

EVENTS SINCE THE END OF THE YEAR

There were changes in the directorate of the Company and at the ultimate parent Company level. See subsequent events note 15.

GOING CONCERN

The Directors have adopted the going concern basis in preparing the Financial Statements. The Company is in a net liability position of \$5.4 million (2019: \$4.7 million), as at 31 December 2020. Further details of the going concern assessment can be found in Note 2.1.

DIRECTORS

The Directors who have held office during the year, through to the date of this report, are as follows:

B A I Dingwall
J Bridglalsingh

The Directors did not have any interests in the shares of the Company at any time during the year.

The Company has made qualifying third-party indemnity provisions for the benefit of its directors. These remain in force at the date of this report and also during the financial year.

FINANCIAL RISK MANAGEMENT

The Company has exposure to financial risks, the management of which are undertaken by the ultimate parent undertaking with the purpose of minimising the potential adverse effects of these risks on the Group's financial performance.

The Company's principal financial assets are amounts due from Group companies and bank balances. The Company receives loans from fellow Group companies to maintain liquidity and ensure that there are sufficient funds available for ongoing operations.

Risk management is carried out by the Group's management. Management identifies and evaluates financial risks.

TRINITY EXPLORATION AND PRODUCTION SERVICES (UK) LIMITED
DIRECTORS' REPORT (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

Each person who is a Director at the date of approval of this report confirms that:

- (1) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (2) the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

STATUTORY AUDITOR

Effective May 2020 BDO was appointed by the board of directors as the new auditor for the entire group.

ON BEHALF OF THE BOARD:



JEREMY BRIDGLALSINGH
Director

September 27, 2021

TRINITY EXPLORATION AND PRODUCTION SERVICES (UK) LIMITED
DIRECTORS' RESPONSIBILITY STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

Directors' responsibilities

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 Accounting Standards and applicable law) including 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;
- state whether applicable UK Accounting Standards have been followed, comprising FRS 101, subject to any material departures disclosed and explained in the financial statements and;
- prepare the financial statements on the going concern basis unless it is 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.

**TRINITY EXPLORATION AND PRODUCTION SERVICES (UK) LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRINITY
EXPLORATION AND PRODUCTION SERVICES (UK) LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRINITY EXPLORATION AND
PRODUCTION SERVICES (UK) LIMITED**

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31/12/2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Trinity Exploration and Production Services (UK) Limited ("the Company") for the year ended 31 December 2020 which comprise the Statement of Financial Position, the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; 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).

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

Independence

We remain 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.

Conclusions relating to going concern

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

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

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

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.

**TRINITY EXPLORATION AND PRODUCTION SERVICES (UK) LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRINITY
EXPLORATION AND PRODUCTION SERVICES (UK) LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

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 have 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 material misstatements in the Directors' Report.

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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

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.

**TRINITY EXPLORATION AND PRODUCTION SERVICES (UK) LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRINITY
EXPLORATION AND PRODUCTION SERVICES (UK) LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020**

Extent to which the audit was capable of detecting irregularities, including fraud

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

- Testing the appropriateness of journal entries made through the year by applying specific criteria to detect possible irregularities and fraud;
- Holding discussions with management and the audit committee to consider any known or suspected instances of non-compliance with laws and regulations or fraud;
- For significant and unusual transactions, particularly those occurring at or near year-end, obtaining evidence for the rationale of these transactions and the sources of financial resources supporting the transactions;
- Performing a detailed review of the Company's period-end adjusting entries and investigating any that appear unusual as to nature or amount to supporting documentation; and
- Assessed whether the judgements made in accounting estimates were indicative of a potential bias and challenging management on the appropriateness of these judgements;
- Reviewing minutes from board meetings of those charges with governance to identify any instances of non-compliance with laws and regulations;
- Performing detailed testing on account balances which were considered to be at greater risk of susceptibility to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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.

DocuSigned by:
Matt Crane
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Matt Crane (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London

September 27, 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

TRINITY EXPLORATION AND PRODUCTION SERVICES (UK) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 US\$000	2019 US\$000
Revenue	5	<u>1,246</u>	<u>1,213</u>
General and administrative expenses		(1,559)	(1,596)
Impairment loss – Financial		–	(7)
Loss on foreign exchange		<u>(317)</u>	<u>(189)</u>
Operating loss		(630)	(579)
Finance income	8	<u>1</u>	<u>11</u>
Loss before taxation		(629)	(568)
Tax on loss	9	<u>–</u>	<u>–</u>
Loss for the year		(629)	(568)
Other comprehensive (expense)/income Items that may be subsequently reclassified to profit or loss			
Currency translation		<u>(123)</u>	<u>(113)</u>
Total comprehensive loss for the year		<u>(752)</u>	<u>(681)</u>

The loss for the financial year represents the Company's total comprehensive loss in the year.

The notes on pages 13 to 21 are an integral part of these financial statements.

TRINITY EXPLORATION AND PRODUCTION SERVICES (UK) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	31 December 2020 US\$000	31 December 2019 US\$000
Assets			
Current Assets			
Amounts owed from Group undertakings	10	555	276
Cash and cash equivalents	11	460	87
		<u>1,015</u>	<u>363</u>
Total Assets		<u>1,015</u>	<u>363</u>
Equity and Liabilities			
Equity			
Called up share capital	13	--	--
Translation reserve		(367)	(244)
Accumulated losses		<u>(5,047)</u>	<u>(4,418)</u>
Total Equity		<u>(5,414)</u>	<u>(4,662)</u>
Liabilities			
Current Liabilities			
Trade and other payables	12	503	112
Amounts owed to Group undertakings	12	5,926	4,913
Current Liabilities		<u>6,429</u>	<u>5,025</u>
Total Liabilities		<u>6,429</u>	<u>5,025</u>
Total Equity and Liabilities		<u>1,015</u>	<u>363</u>

The notes on pages 13 to 21 are an integral part of these financial statements and were approved by the Board of Directors on, 27 September 2021 and signed on its behalf by:


 JEREMY BRIDGLALSINGH
 Director

TRINITY EXPLORATION AND PRODUCTION SERVICES (UK) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up Share Capital US\$000	Translation Reserve US\$000	Accumulated Losses US\$000	Total Equity US\$000
Balance At 1 January 2019	--	(131)	(3,850)	(3,981)
Loss for the year	--	--	(568)	(568)
Currency translation differences	--	(113)	--	(113)
Total Comprehensive Loss	--	(113)	(568)	(681)
Balance At 31 December 2019	--	(244)	(4,418)	(4,662)
Loss for the year	--	--	(629)	(629)
Currency translation differences	--	(123)	--	(123)
Total Comprehensive Loss	--	(123)	(629)	(752)
Balance At 31 December 2020	--	(367)	(5,047)	(5,414)

The notes on pages 13 to 21 form an integral part of these financial statements.

TRINITY EXPLORATION AND PRODUCTION SERVICES (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

The Company is incorporated and domiciled in the United Kingdom and registered in England and Wales. The company is a private company limited by shares. The address of the registered office is Pinsent Masons LLP 1 Park Row, Leeds England, LS1 5AB. The nature of the Company's operations and its principal activities are set out in the Directors' Report on page 3.

1. Basis of preparation

The financial statements have been prepared in accordance with The Companies Act 2006 as applicable to companies using FRS 101. FRS 101 sets out a reduced disclosure framework for a "qualifying entity", as defined in the Standard, which addressed the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of UK-adopted International Financial Reporting Standards ("IFRS").

Trinity Exploration and Production Services (UK) Limited (TEPSL UK), is a qualifying entity for the purposes of FRS 101. Note 15 gives details of the Company's ultimate parent and from where consolidated financial statements prepared in accordance with IFRS, and including the Company, can be obtained.

The application of FRS 101 has enabled TEPSL UK to take advantage of certain disclosure exemptions that would have been required had the Company continued to apply International Financial Reporting Standards in full. The only such exemptions that the directors consider to be significant are:

- no detailed disclosures in relation to financial instruments;
- no cash flow statement;
- no disclosure of related party transactions with fellow 100% owned subsidiaries of its parent;
- no statement regarding the potential impact of forthcoming changes in financial reporting standards;
- no disclosure of "key management compensation" for key management other than directors;
- no disclosures relating the Company's policy on capital management; and
- the disclosure exemptions from IFRS 7 Financial Instruments: Disclosures.
- The Company has notified its shareholders in writing, and they do not object to, the use of the disclosure exemptions used by the Company in these financial statements.

Where relevant, equivalent disclosures have been provided in the Group accounts of Trinity Exploration and Production Plc, in which the Company is consolidated. Copies of Trinity Exploration and Production Plc accounts can be obtained as detailed at note 14.

In the financial statements presented, all values are rounded to the nearest thousand, except where otherwise stated.

TRINITY EXPLORATION AND PRODUCTION SERVICES (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Summary of Significant Accounting Policies

The principal accounting policies adopted are set out below and have been applied consistently throughout the year.

2.1. Going concern

As noted in the Directors Report the directors believe that the Company can operate as a going concern for a minimum of 12 months from the date of signing the financial statements.

The Directors have received a letter of support from the ultimate parent company of the group, Trinity Exploration & Production plc. In making their going concern assessment over at least the next 12 months, the Directors focused on the stability of the company and by extension the strong financial position of the ultimate parent Company.

The Company's main overheads are staff costs, professional and legal fees relating to tax and audit services and office running costs. The Company is funded through support from its ultimate parent Company, Trinity Exploration & Production Plc.

The funding provided is informal and there is no loan agreement in place, as the loan is due only on demand. A letter of support has been provided which states that the ultimate parent Company will continue to support the Company's overheads for a period, no shorter than 12 months from the date of signing and will not recall the funding unless the Company is able to repay. The Directors do not believe the current economic downturn, triggered by Covid-19, has a material impact on the Company.

On this basis, and based on their assessment of the Company's financial position, the Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual report and financial statements. Further details of the going concern assessment can be found in Note 2.1.

2.2 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency') which is GBP sterling. The financial statements are presented in US dollars.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

(c) Year-end financial statements

For the purposes of presenting the year-end financial statements the assets and liabilities of the Company's operations are translated at exchange rates prevailing at the balance sheet date. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions is used. Currency translation adjustments resulting from this are taken directly to reserves.

TRINITY EXPLORATION AND PRODUCTION SERVICES (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Summary of Significant Accounting Policies (Continued)

2.3 Revenue recognition

Revenue is recognised in accordance with IFRS 15. Revenue is attributable to the principal activity of the Company being the provision of management and administrative services. Revenue is recognised at a point in time and on delivery of performance obligations relating to specific services. In terms of management and administrative services, this is when the service has been rendered and is measured the fair value of the consideration received or receivable, net of any discounts and sales related tax.

2.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly-liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.5 Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the asset of the Company after deducting all of its liabilities. Financial liabilities are initially recognised at fair value and subsequently recognised at amortised cost.

2.6 Trade payables

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

2.7 Equity instruments

Equity issued by the Company is recorded at the proceeds received, net of direct issue costs.

2.8 Current income tax

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

(a) Current tax

The tax currently payable is based on taxable profit for the year. 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 using tax rates that have been enacted or substantively enacted by the balance sheet date.

TRINITY EXPLORATION AND PRODUCTION SERVICES (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Summary of Significant Accounting Policies (Continued)

2.10 Investments and other financial assets

Impairment

Financial assets recognition of impairment provisions under IFRS 9 is based on the expected credit losses ("ECL") model. The ECL model is applicable to financial assets classified at amortised cost and contract assets under IFRS 15: Revenue from Contracts with Customers. The measurement of ECL reflects an unbiased and probability weighted amount that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

The Company applied the simplified approach to determine impairment of its Amounts owed from Group undertakings. The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. This involves determining the expected loss rates using a provision matrix that is based on the Company's historical default rates observed over the expected life of the amounts owed and adjusted for forward looking estimates. This is then applied to the gross carrying amount of the amounts owed to arrive at the loss allowance for the period.

3. Financial Risk Management

3.1. Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (mainly currency risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk Management is carried out by management under policies approved by the Board of Directors. Management identifies and evaluates financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, non-derivative financial instruments and investment of excess liquidity.

3.1.1 Market risk - foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The majority of the Company's transactions are conducted in GBP sterling, its functional currency. As a result there is no significant foreign exchange risk, however, the Company does review its exposure to transactions denominated in other currencies and takes necessary action to minimise this exposure.

Currency risk is managed by matching costs with income as far as possible.

3.1.2 Credit risk

Credit risk arises from cash and cash equivalents and outstanding Amounts owed from Group undertakings. The Company has no commercial customers and all trade and other receivables if any are considered operational in nature.

TRINITY EXPLORATION AND PRODUCTION SERVICES (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

3. Financial Risk Management (Continued)

3.1.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Management monitors rolling forecasts of the Company's liquidity and cash and cash equivalents on the basis of expected cash flow.

Implications have been considered within the going concern note to address the risks existing in the current environment.

3.2 Fair value estimation

The carrying value of trade payables are assumed to approximate their fair values because of the short-term nature of such assets and the effect of discounting liabilities is negligible.

4. Critical accounting estimates and judgements

In the application of the accounting policies, which are set out in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The IFRS 9 Expected Credit Loss ("ECL") provision calculation on Intercompany receivables is the main estimate and assumption that has a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year. The ECL assume that repayment of intercompany balances is demanded at the reported date. The Company is then expected to assess the borrower's ability to repay and formulate a recovery strategy through repayment over a period of time. See further details in note 10.

5. Revenue

	2020 US\$000	2019 US\$000
Management charges	1,246	1,213

Management charges relate to income for the provision of management and administrative services to other Group companies.

6. Operating Loss

The operating loss is stated after charging

	2020 US\$000	2019 US\$000
Staff costs (note 7)	281	335
Intercompany billing	1,246	1,213
Audit fees		
- As auditors	4	12
Total auditors' remuneration	4	12

TRINITY EXPLORATION AND PRODUCTION SERVICES (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

7. Staff Costs

	2020 No.	2019 No.
The monthly average number of employees (including Directors) employed by the Company during the year was:	3	3

Their aggregate remuneration comprised:

	2020 US\$000	2019 US\$000
Wages and Salaries	220	259
Social security costs	43	55
Other Pension Costs	18	21
	<u>281</u>	<u>335</u>

In 2020 and prior year the directors neither received nor waived any emoluments from the Company, the value has not been disclosed because this is paid by another entity and too difficult to apportion. All remuneration for Directors was incurred in Trinity Exploration & Production plc.

8. Finance income

	2020 US\$000	2019 US\$000
Bank interest	<u>1</u>	<u>11</u>

9. Tax on loss

	2020 US\$000	2019 US\$000
Loss before taxation	<u>(629)</u>	<u>(568)</u>
Loss before taxation at the standard rate of corporation tax 19% (2019: 19%)	(120)	(108)
Effects of:		
Unrecognised tax losses	<u>120</u>	<u>108</u>
Total tax charge	<u>--</u>	<u>--</u>

TRINITY EXPLORATION AND PRODUCTION SERVICES (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

10. Amounts owed from Group undertakings

	31 December 2020 US\$000	31 December 2019 US\$000
<u>Amounts owed from Group undertakings</u>		
Due within one year:		
Trinity Exploration and Production (Barbados) Limited	--	12
Trinity Exploration and Production (Galeota) Limited	555	264
	<hr/>	<hr/>
Amounts owed to Group undertakings	<u>555</u>	<u>276</u>

The fair value of Amounts owed to Group undertakings approximate their carrying amounts.

The Group applies the IFRS 9 simplified model for measuring ECL which uses a lifetime expected loss allowance and are measured on the days past due criterion. Amounts due from related parties are repayable on demand and entities have the ability to repay if called immediately

The amounts due from related parties are unsecured, interest free loans repayable on demand and interest free intercompany balances.

As at 31 December 2020, there were no trade receivable balances. However, there was an intercompany receivable balance of \$0.5 million (2019: \$0.3 million). An ECL was calculated on the balance resulting in a \$0.01 million provision.

11. Cash and cash equivalents

	31 December 2020 US\$000	31 December 2019 US\$000
Cash and cash equivalents	<u>460</u>	<u>87</u>

The Directors consider that the carrying amount of cash and cash equivalents approximates to their fair value.

The Company has cash and cash equivalents denominated in foreign currencies. The carrying amounts of cash and cash equivalents in US dollars amount to \$0.5 million (2019: \$0.1 million).

An increase of 10% in the USD: GBP foreign exchange rate at year end would increase cash and cash equivalents by \$46,000 (2019: \$9,000) and result in a corresponding increase in profit for the year.

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12. Trade and Other Payables

	31 December 2020 US\$000	31 December 2019 US\$000
<u>Trade and other payables</u>		
Due within one year:		
Trade creditors	414	77
Vat payable	66	3
Other creditors	3	1
Accruals	20	31
	<u>503</u>	<u>112</u>
<u>Amounts owed to Group undertakings</u>		
	31 December 2020 US\$000	31 December 2019 US\$000
Due within one year:		
Opening balance	4,913	7379
Additions	1,133	280
Repayments	(120)	(2,746)
Closing balances	<u>5,926</u>	<u>4,913</u>

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The Company has minimal trade and other payables denominated in foreign currencies.

The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe and no interest has been charged by any suppliers as a result of late payment of invoices during the year. The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

The amounts due to related parties are unsecured, interest free loans repayable on demand and interest free intercompany balances.

13. Called up share capital

	31 December 2020 US\$000	31 December 2019 US\$000
Issued and fully paid:		
3 (2019: 3) ordinary shares of £1 (US\$1.3) each	<u>—</u>	<u>—</u>

The Company has one class of ordinary share which carries no right to fixed income.

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14. Ultimate Parent Company and Controlling Party

The immediate parent undertaking is Bayfield Energy Limited.

The ultimate parent undertaking and controlling party is Trinity Exploration & Production Plc (Trinity), a company incorporated in the United Kingdom and registered in England and Wales.

Trinity is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements for the year ended 31 December 2020. The consolidated financial statements of Trinity are available from Pinsent Masons LLP 1 Park Row, Leeds England, LS1 5AB, United Kingdom.

15. Subsequent Events

Directorate Changes

There was the tragic passing of one of the Company's director Bruce Dingwall CBE, on 3 August 2021.