

**Registered number: 08619726**

**Soma Oil & Gas Exploration Limited**

**Unaudited**

**Directors' report and financial statements**

**For the year ended 31 December 2018**



## **Soma Oil & Gas Exploration Limited**

### **Company Information**

**Director** William Richard Anderson

**Company secretary** Peter Damouni

**Registered number** 08619726

**Registered office** 21 Arlington Street  
St. James's  
London  
United Kingdom  
SW1A 1RD

**Accountants** Kreston Reeves LLP  
Chartered Accountants  
Third Floor  
24 Chiswell Street  
London  
EC1Y 4YX

## **Soma Oil & Gas Exploration Limited**

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## **Soma Oil & Gas Exploration Limited**

### **Directors' report For the year ended 31 December 2018**

The directors present their report and the financial statements for the year ended 31 December 2018.

#### **Principal activity**

The principal activity of Soma Exploration is exploration for oil and gas in the Federal Republic of Somalia.

#### **Business review and future developments**

Soma Exploration terminated direct activities as an exploration company within the Federal Republic of Somalia.

#### **Results and dividends**

The loss for the year, after taxation, amounted to \$11,298 thousand (2017 - loss \$51 thousand).

The Directors do not recommend payment of a dividend.

#### **Directors**

The directors who served during the year were:

William Richard Anderson  
Lord Howard of Lympe, CH, QC (Chairman) (resigned 17 June 2018)  
Robert Allen Sheppard (resigned 16 July 2018)  
Basil Shiblaq (resigned 16 July 2018)

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 judgments 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 to 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.

#### **Strategic report**

The Director has not prepared a strategic report as the Company would be entitled to prepare the financial statements in accordance with Section 414B of the Companies Act.

## **Soma Oil & Gas Exploration Limited**

### **Directors' report (continued)**

**For the year ended 31 December 2018**

#### **Going concern**

Soma Exploration Limited does not generate revenue, and as such is reliant on funding from other Group companies. It terminated direct activities in hydrocarbon exploration in July 2018.

#### **Directors' indemnities**

The Company has granted an indemnity to each of its Directors under which the Company will, to the fullest extent permitted by law and to the extent provided by the Articles of Association, indemnify them against all costs, charges, losses and liabilities incurred by them in the execution of their duties. The Company also has Directors' and Officers' liability insurance in place and details of the policy are given to new Directors on appointment. At the year end there was 1 director of the company.

#### **Small company provisions**

The directors' report has been prepared in accordance with the special provisions applicable to companies to the small companies exemption as referred to by the Companies Act 2006.

This report was approved by the board on *Sept 27, 2019* and signed on its behalf.

A handwritten signature in black ink, appearing to be 'William Richard Anderson', followed by a long horizontal line extending to the right.

William Richard Anderson  
Director

## **Soma Oil & Gas Exploration Limited**

### **Chartered accountants' report to the board of directors on the preparation of the unaudited statutory financial statements of Soma Oil & Gas Exploration Limited for the year ended 31 December 2018**

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Soma Oil & Gas Exploration Limited for the year ended 31 December 2018 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes from the Company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance/>.

This report is made solely to the Board of directors of Soma Oil & Gas Exploration Limited, as a body, in accordance with the terms of our engagement letter dated 29 July 2019. Our work has been undertaken solely to prepare for your approval the financial statements of Soma Oil & Gas Exploration Limited and state those matters that we have agreed to state to the Board of directors of Soma Oil & Gas Exploration Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Soma Oil & Gas Exploration Limited and its Board of directors, as a body, for our work or for this report.

It is your duty to ensure that Soma Oil & Gas Exploration Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of Soma Oil & Gas Exploration Limited. You consider that Soma Oil & Gas Exploration Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or review of the financial statements of Soma Oil & Gas Exploration Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

*Kreston Reeves LLP*

**Kreston Reeves LLP**  
Chartered Accountants  
Third Floor  
24 Chiswell Street  
London  
EC1Y 4YX

Date: *30 September 2019*

**Soma Oil & Gas Exploration Limited**

**Statement of comprehensive income  
For the year ended 31 December 2018**

	<b>Note</b>	<b>2018 \$000</b>	<b>2017 \$000</b>
Administrative expenses		<b>(11,571)</b>	(198)
Other operating income		<b>273</b>	147
<b>Operating loss</b>		<b>(11,298)</b>	(51)
<b>Loss for the financial year</b>		<b>(11,298)</b>	(51)

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2018 (2017:\$NIL).

The notes on pages 7 to 18 form part of these financial statements.

**Soma Oil & Gas Exploration Limited**  
**Registered number: 08619726**

**Statement of financial position**  
**As at 31 December 2018**

	Note	2018 \$000	2017 \$000
<b>Fixed assets</b>			
Intangible assets	9	-	43,142
		-	43,142
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	11	32,800	-
Debtors: amounts falling due within one year	11	20	23
Cash at bank and in hand	12	176	406
		32,996	429
Creditors: amounts falling due within one year	13	(44,399)	(43,676)
<b>Net current liabilities</b>		<b>(11,403)</b>	<b>(43,247)</b>
<b>Total assets less current liabilities</b>		<b>(11,403)</b>	<b>(105)</b>
<b>Net assets excluding pension asset</b>		<b>(11,403)</b>	<b>(105)</b>
<b>Net liabilities</b>		<b>(11,403)</b>	<b>(105)</b>
<b>Capital and reserves</b>			
Profit and loss account	16	(11,403)	(105)
		<b>(11,403)</b>	<b>(105)</b>

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The Company was entitled to exemption from audit under section 477 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The Company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

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



**William Richard Anderson**  
Director

The notes on pages 7 to 18 form part of these financial statements.



**Soma Oil & Gas Exploration Limited**

**Statement of changes in equity  
For the year ended 31 December 2018**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
At 1 January 2018	-	(105)	(105)
<b>Comprehensive income for the year</b>			
Loss for the year	-	(11,298)	(11,298)
<b>Total comprehensive income for the year</b>	-	(11,298)	(11,298)
<b>At 31 December 2018</b>	-	(11,403)	(11,403)

The notes on pages 7 to 18 form part of these financial statements.

**Statement of changes in equity  
For the year ended 31 December 2017**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
At 1 January 2017	-	(54)	(54)
<b>Comprehensive income for the year</b>			
Loss for the year	-	(51)	(51)
<b>Total comprehensive income for the year</b>	-	(51)	(51)
<b>At 31 December 2017</b>	-	(105)	(105)

The notes on pages 7 to 18 form part of these financial statements.

## **Soma Oil & Gas Exploration Limited**

### **Notes to the financial statements For the year ended 31 December 2018**

#### **1. General information**

Soma Exploration is a Company limited by shares and was incorporated in England and Wales on 22 July 2013 under the Companies Act 2006 and is domiciled within the United Kingdom. The address of the registered office and principal place of business is given on the company information page and the principal activity of the company is given in the Directors report.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### **2.2 Financial reporting standard 101 - reduced disclosure exemptions**

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

##### **2.3 Going concern**

Soma Exploration does not generate revenue, and as such the Company is reliant on funding from its Parent Company, which in turn is reliant on funding from the parent company's shareholders, Winter Sky. This gives rise to a material uncertainty which may cast doubt over the Company's ability to continue as a going concern, as discussed in further detail in the Directors' report on page 2. The company sold its assets on 14 July 2018.

**Notes to the financial statements  
For the year ended 31 December 2018**

**2. Accounting policies (continued)**

**2.4 Financial risk management**

***Financial risk factors***

The Company's activities expose it to a variety of financial risks: market 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.

***2.5.1. Market risk - foreign exchange risk***

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the GB pound sterling, the Somali shilling, Kenyan shilling and US dollar. Foreign exchange risks could arise from future commercial transactions and recognised assets and liabilities.

The majority of the intra-group transactions are conducted in US dollar. As a result, there is no significant foreign exchange risk at present. However, the Company does review its exposure to transactions denominated in other currencies and takes necessary action to minimise this exposure.

***2.5.2 Credit risk***

Credit risk is managed on a Company basis. Credit risk arises from cash and cash equivalents and outstanding receivables. Approximately 99 per cent of the Company's cash and cash equivalents are held by 'BBB' or better rated banks. All trade and other receivables are considered operational in nature and have payment terms of 30 days.

***2.5.3 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 and seeks to secure the necessary estimated funding before committing to expenditures. See also note 1 "Going concern".

***2.5.4 Market risk - interest rate risk***

At year end the Company did not bear any interest rate risk. The business expenses incurred and paid by the Directors were paid post year end.

**Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital. The Company has no externally imposed capital requirements.

In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or sell assets to reduce debt.

**Notes to the financial statements  
For the year ended 31 December 2018**

**2. Accounting policies (continued)**

**2.5 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is USD, being the currency of the majority of its transactions.

**Transactions and balances**

Transactions in foreign currencies are translated to the Company's functional currency at the month average foreign exchange rate at the date of the transaction. 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. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

**2.6 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**2.7 Taxation**

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**Notes to the financial statements  
For the year ended 31 December 2018**

**2. Accounting policies (continued)**

**2.8 Oil and gas properties**

*Exploration and evaluation assets*

The Company follows the successful efforts method of accounting for intangible exploration and evaluation (E&E) costs. All licence acquisition, exploration and evaluation costs are initially capitalised as intangible assets in cost centres by field or exploration area, as appropriate, pending determination of commerciality of the relevant property. Directly attributable administration costs are capitalised in so far as they relate to specific exploration activities. Pre-licence costs and general exploration costs not specific to any particular licence or prospect are expensed as incurred.

If prospects are deemed to be impaired ('unsuccessful') on completion of the evaluation, the associated costs are charged to the income statement. If the field is determined to be commercially viable, the attributable costs are transferred to property, plant and equipment in single field cost centres.

*Development and production assets*

Development and production assets are accumulated generally on a field-by-field basis within property, plant and equipment and represent the cost of developing the commercial reserves discovered and bringing them into production, together with the exploration and evaluation expenditures incurred in finding commercial reserves transferred from intangible exploration and evaluation assets as outlined above.

The cost of development and production assets also includes the cost of acquisitions and purchases of such assets, directly attributable overheads, and the cost of recognising provisions for future restoration and decommissioning.

*Depletion, amortisation and impairment - development and production assets*

Expenditure carried within each field will be amortised from the commencement of production on a unit of production basis, which is the ratio of oil or gas production in the year to the estimated quantities of commercial reserves at the end of the year plus the production in the year, generally on a field-by-field basis. Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the estimated future field development costs. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

**2.9 Commercial reserves**

Commercial reserves (2P) are proven and probable natural gas reserves, which are defined as the estimated quantities of natural gas which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible. There should be a 50 per cent statistical probability that the actual quantity of recoverable reserves will be more than the amount estimated as proven and probable reserves and a 50 per cent statistical probability that it will be less.

**2.10 Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is charged so as to write-off the costs of assets less their residual value over their estimated useful lives, using the straight-line method commencing in the month following the purchase.

## **Soma Oil & Gas Exploration Limited**

### **Notes to the financial statements For the year ended 31 December 2018**

#### **2. Accounting policies (continued)**

##### **2.10 Property, plant and equipment (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, straight line.

Depreciation is provided on the following basis:

Fixtures and fittings	- 3 to 5 years
Computer equipment	- 3 years

Oil and gas properties - see above

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

##### *Impairment of property, plant and equipment*

At each balance sheet date, the Company reviews the carrying amount of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. For the purposes of impairment the Company's estimates the recoverable amount of the cash-generating unit to which assets belong.

Where there has been a change in economic conditions that indicates a possible impairment in a discovery field, the recoverability of the net book value relating to that field is assessed by comparison with the estimated discounted future cash flows based on management's expectations of future oil and gas prices and future costs.

Recoverable amount is the higher of fair value less costs to sell 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 assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the income statement, net of any depreciation that would have been charged since the impairment.

##### **2.11 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### **2.12 Cash and cash equivalents**

Cash and cash equivalents include cash at bank and in hand and highly liquid interest-bearing securities with maturities of three months or less.

**Notes to the financial statements  
For the year ended 31 December 2018**

**2. Accounting policies (continued)**

**2.13 Creditors**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

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

**2.14 Financial instruments**

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

**Financial assets**

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

**Impairment of financial assets**

**Financial liabilities**

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 assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

## Soma Oil & Gas Exploration Limited

### Notes to the financial statements For the year ended 31 December 2018

#### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

##### 3.1 Exploration and Evaluation assets

The Company balance sheet included significant E&E assets. Management is required to exercise judgment in selecting an appropriate accounting policy for the capitalisation, or otherwise, of costs incurred in connection with the acquisition of E&E rights and costs of E&E activities to exploit those rights. The Group's accounting policy is set out in Note 2. Judgment is required in assessing whether E&E rights are sufficient to support the commencement of cost capitalisation. The SOA entitles the Group to apply and negotiate for PSAs over an area of up to 60,000 sq. km and therefore the Group consider its E&E rights under the SOA are sufficient to support asset recognition.

Further judgment is involved in applying the Company's accounting policy to certain categories of costs, such as the Capacity Building Payments and Data Room costs as further described in the Strategic Report. Management capitalises such costs as they are considered directly attributable to the conversion of the Company's current E&E rights under the SOA into future exploration and production rights under a number of PSAs.

##### Key sources of estimation uncertainty

##### 3.2 Exploration and Evaluation asset recoverability

E&E assets are required to be assessed for indications of impairment at least at each balance sheet date, with reference to the indicators of impairment set out in IFRS 6 Exploration and Evaluation of Mineral Resources. Such assessment often requires significant judgment, such as whether substantive further E&E is planned, and whether rights to explore in the specific area will expire in the near future. Having considered these uncertainties in the light of all the E&E assets being disposed of in the year, no impairment is considered necessary for the year ended 31 December 2018.

#### 4. Other operating income

	2018 \$000	2017 \$000
Kenyan branch recharge	273	147
	<u>273</u>	<u>147</u>

The Company has a service agreement in place with Soma Management Limited, a company under common control. All costs incurred by the Company's Kenyan Branch are recharged to Soma Management Limited with a 10% uplift resulting in other operating income in the year of \$273,000 (2017: \$147,000) which is on costs incurred in both 2018 and 2017.

#### 5. Operating loss

The operating loss is stated after charging:

	2018 \$000	2017 \$000
Exchange differences	1	(3)
	<u>1</u>	<u>(3)</u>



## Soma Oil & Gas Exploration Limited

### Notes to the financial statements For the year ended 31 December 2018

#### 6. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Average employees	2	1

#### 7. Directors' remuneration

	2018 \$000	2017 \$000
Directors' emoluments	-	52
	-	52

A total of US\$ Nil (2017: US\$52,000) in relation to Directors remuneration has been capitalised as part of Exploration and Evaluation assets (Note 9).

The remuneration for the remainder of the Directors is borne by Soma Management, a company under common control. No specific proportion of their remuneration is attributable to their services to the Company.

#### 8. Taxation

##### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 \$000	2017 \$000
Loss on ordinary activities before tax	(11,298)	(51)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	(2,147)	(10)
Effects of:		
Unutilised tax losses	2,147	10
Total tax charge for the year	-	-

##### Factors that may affect future tax charges

UK tax losses may be carried forward indefinitely and set off against future taxable profits. Deferred tax assets have not been recognised in respect of these items because it is not yet probable that future taxable profit will be available against which the Group can utilise the benefits there from.

**Soma Oil & Gas Exploration Limited**

**Notes to the financial statements  
For the year ended 31 December 2018**

**9. Intangible assets**

	<b>Development expenditure \$000</b>
At 1 January 2018	43,142
Additions - external	99
Disposals	(43,241)
At 31 December 2018	<u>-</u>
<b>Net book value</b>	
At 31 December 2018	<u>-</u>
At 31 December 2017	<u>43,142</u>

**10. Tangible fixed assets**

	<b>Fixtures and fittings \$000</b>	<b>Computer equipment \$000</b>	<b>Total \$000</b>
<b>Cost</b>			
At 1 January 2018	64	6	70
At 31 December 2018	<u>64</u>	<u>6</u>	<u>70</u>
<b>Depreciation</b>			
At 1 January 2018	64	6	70
At 31 December 2018	<u>64</u>	<u>6</u>	<u>70</u>
<b>Net book value</b>			
At 31 December 2018	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2017	<u>-</u>	<u>-</u>	<u>-</u>

# Soma Oil & Gas Exploration Limited

## Notes to the financial statements For the year ended 31 December 2018

### 11. Debtors

	2018 \$000	2017 \$000
<b>Due after more than one year</b>		
Other debtors	32,800	-
	<u>32,800</u>	<u>-</u>
	2018 \$000	2017 \$000
<b>Due within one year</b>		
Other debtors	20	23
	<u>20</u>	<u>23</u>

There were no trade receivables held by the Company at 31 December 2018 (2017: nil), therefore there is no average credit year taken on the sale of goods.

There are no balances within either prepayments made or other receivables that are past their due settlement date and no impairment has been deemed necessary during the year. The fair value of the receivables is equal to their carrying value.

### 12. Cash and cash equivalents

	2018 \$000	2017 \$000
Cash at bank and in hand	176	406
	<u>176</u>	<u>406</u>

### 13. Creditors: Amounts falling due within one year

	2018 \$000	2017 \$000
Trade creditors	61	48
Amounts owed to group undertakings	44,048	43,558
Other creditors	290	-
Accruals and deferred income	-	70
	<u>44,399</u>	<u>43,676</u>

The fair value of the payables is equal to their carrying value.

# Soma Oil & Gas Exploration Limited

## Notes to the financial statements For the year ended 31 December 2018

### 14. Financial instruments

	2018 \$000	2017 \$000
<b>Financial assets</b>		
Financial assets measured at amortised cost	<u>32,819</u>	<u>23</u>
<b>Financial liabilities</b>		
Other financial liabilities measured at amortised cost	<u>44,398</u>	<u>43,606</u>

Financial assets measured at amortised cost comprise of other debtors and amounts due from group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and amounts due to group undertakings.

### 15. Share capital

	2018 \$000	2017 \$000
<b>Authorised</b>		
1,000 (2017 - 1,000) Ordinary shares shares of \$0.00001 each	<u>-</u>	<u>-</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.

### 16. Reserves

#### Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

#### Share capital

This represents the nominal value of shares that have been issued by the company.

### 17. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 \$000	2017 \$000
Not later than 1 year	-	26
Later than 1 year and not later than 5 years	-	64
	<u>-</u>	<u>90</u>

## **Soma Oil & Gas Exploration Limited**

### **Notes to the financial statements For the year ended 31 December 2018**

#### **18. Related party transactions**

The company has taken advantage of the exemption conferred by Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) not to disclose transactions with other group companies.

#### **19. Controlling party**

The Company's immediate parent company is Soma Oil & Gas Holdings Limited, a Company incorporated in the UK. Consolidated accounts for this entity are available at 21 Arlington Street, St James's, London, United Kingdom, SW1A 1RD.

At 31 December 2018 Winter Sky owned 167,090,230 of the issued Ordinary shares representing 65.39% (2017: 65.39%) giving the entity ultimate control of the Group.

Soma Oil & Gas Holdings Limited is the only company for which consolidated accounts are prepared.