

Unaudited Financial Statements
for the Year Ended 31 December 2021
for
Fishermen's Petroleum Company Limited

**Contents of the Financial Statements
for the Year Ended 31 December 2021**

| | Page |
|--|-------------|
| Company Information | 1 |
| Balance Sheet | 2 |
| Notes to the Financial Statements | 4 |

Fishermen's Petroleum Company Limited

**Company Information
for the Year Ended 31 December 2021**

DIRECTORS:

Mr J W Buchan
Mr A G Gunn
Mrs A Hughes
Mr R A McColl
Mr T P Moulds
Mr A West
Mr A West jnr
Mr D West
Mr G R West

REGISTERED OFFICE:

82 Burns Road
Aberdeen
Aberdeenshire
AB15 4NS

REGISTERED NUMBER:

SC070886 (Scotland)

ACCOUNTANTS:

SBP
Accountants
2 Cross Street
Fraserburgh
Aberdeenshire
AB43 9EQ

Fishermen's Petroleum Company Limited (Registered number: SC070886)

**Balance Sheet
31 December 2021**

| | Notes | 31.12.21 \$ | \$ | 31.12.20 \$ | \$ |
|--|-------|-------------------------|-------------------------|----------------|------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 4 | | 1,462,010 | | 657,376 |
| Investments | 5 | | <u>600,000</u> | | <u>490,644</u> |
| | | | 2,062,010 | | 1,148,020 |
| CURRENT ASSETS | | | | | |
| Debtors | 6 | 341,165 | | 85,650 | |
| Cash at bank | | <u>1,496,249</u> | | <u>482,011</u> | |
| | | 1,837,414 | | 567,661 | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 7 | <u>496,370</u> | | <u>56,686</u> | |
| NET CURRENT ASSETS | | | <u>1,341,044</u> | | <u>510,975</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 3,403,054 | | 1,658,995 |
| PROVISIONS FOR LIABILITIES | | | <u>447,579</u> | | - |
| NET ASSETS | | | <u>2,955,475</u> | | <u>1,658,995</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 8 | | 1,071,465 | | 1,071,465 |
| Retained earnings | 9 | | <u>1,884,010</u> | | <u>587,530</u> |
| SHAREHOLDERS' FUNDS | | | <u>2,955,475</u> | | <u>1,658,995</u> |

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2021.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2021 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The notes form part of these financial statements

Balance Sheet - continued
31 December 2021

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Statement of Income and Retained Earnings has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 12 September 2022 and were signed on its behalf by:

Mr R A McColl - Director

Mr A West - Director

**Notes to the Financial Statements
for the Year Ended 31 December 2021**

1. STATUTORY INFORMATION

Fishermen's Petroleum Company Limited is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

The financial statements have been prepared in US Dollars (\$).

Going concern

The directors have considered the company forecasts and projections and have taken account of present and likely future trading performance and have taken the view that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Turnover

Turnover represents amounts receivable from the company's oil and gas interests in the United States of America, shown gross of relevant production taxes where applicable. Revenue is recognised to the extent that it is probable that economic benefit will flow to the company and when its value can be measured with a sufficient degree of certainty and reliability. All income is recognised in the accounting period to which it relates.

Tangible fixed assets

The capitalised costs of wells in production are amortised field by field on a unit of production basis. Amortisation is calculated by reference to the proportion that production for the period bears to the total estimated commercial reserves remaining. Carrying values are assessed annually by reference to estimated remaining commercial reserves and adjusted accordingly. The net value reported is based on initial cost less annual amortisation and net accumulated impairment losses.

Capitalised costs of other assets are depreciated on a straight line basis over their estimated economic lives as follows:

Office equipment: 25% straight line

All office equipment was fully written down in previous years so there was no depreciation charge in the year under report.

Fixed asset investments

Fixed asset investments are stated at estimated valuation based on engineering reports prepared by suitably qualified parties. This policy became effective from 1 January 2016.

Taxation

Taxation for the year comprises current taxation on calculated taxable profits. Tax is recognised in the Statement of Income and Retained Earnings, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2021**

2. ACCOUNTING POLICIES - continued

Taxation & deferred tax

Deferred tax is calculated in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

The value of the deferred tax asset is noted in the financial statements but not recognised.

Foreign currencies

The functional currency of the company is US Dollars. This reflects the fact that the US Dollar is the currency of the primary economic environment in which the company operates and generates net cash flows.

Transactions in other currencies are recorded using the average rate of exchange over the course of the financial year. Monetary assets and liabilities denominated in other currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account. The rate prevailing as at 31 December 2021 in relation to UK sterling was 1.3465 (2020: 1.3303).

Exploration and development expenditure

Oil and gas activities are accounted for in accordance with the Statement of Recommended Practice 'Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities' issued by the Oil Industry Accounting Committee dated 7 June 2001.

The company adopts the successful efforts basis of accounting in respect of the costs of exploration and development of oil and gas reserves.

Under this method the costs of successful exploration drilling including development costs and costs to purchase, lease or otherwise acquire an oil and gas property are capitalised and amortised by a depletion charge to revenue, based on the unit of production method whereby the amortisation is related to the depletion of the reserves occurring in the accounting period. Changes in estimates of reserves effecting unit of production calculations for amortisation are accounted for prospectively over the estimated remaining commercial reserves.

The costs of geological and geophysical work, of contributions to the operator's overheads where the company is not the operator, and of successful exploration wells, are generally written off to revenue.

Significant estimation techniques

Production forecasts and reserves are estimated using standard techniques of petroleum engineering. These techniques combine geophysical and geological knowledge with detailed information concerning reservoir porosity and permeability distributions and fluid characteristics with estimates of recovery efficiencies from studies or field analogues. There is uncertainty in the measurement and interpretation of the basic data.

Changes in estimates affecting unit of production calculations for depreciation are accounted for prospectively over the estimated remaining commercial reserves of each field.

Decommissioning costs

Provision is made for decommissioning costs to the extent that the company is required to carry out such activities under its contractual commitments.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 10 (2020 - 11) .

Notes to the Financial Statements - continued
for the Year Ended 31 December 2021

4. **TANGIBLE FIXED ASSETS**

| | Wells in production \$ | Office equipment \$ | Totals \$ |
|------------------------|------------------------------|---------------------------|--------------|
| COST | | | |
| At 1 January 2021 | 16,601,718 | 4,644 | 16,606,362 |
| Disposals | (898,890) | - | (898,890) |
| At 31 December 2021 | 15,702,828 | 4,644 | 15,707,472 |
| DEPRECIATION | | | |
| At 1 January 2021 | 15,944,342 | 4,644 | 15,948,986 |
| Charge for year | (783,809) | - | (783,809) |
| Eliminated on disposal | (660,226) | - | (660,226) |
| Impairments | (259,489) | - | (259,489) |
| At 31 December 2021 | 14,240,818 | 4,644 | 14,245,462 |
| NET BOOK VALUE | | | |
| At 31 December 2021 | 1,462,010 | - | 1,462,010 |
| At 31 December 2020 | 657,376 | - | 657,376 |

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2021**

4. TANGIBLE FIXED ASSETS - continued

Impairment charges

Impairment charges are calculated based on the estimated remaining commercial value of the wells and as such the valuations can vary from year to year dependent upon the level of estimated remaining oil and gas reserves and the prevailing market price of these resources.

Wells in production consist of the following interests in the USA:

Justin (US\$785,000)

Following due consideration of all relevant factors, the directors took the view in the 2019 financial year to reduce the value of the interest in the Justin wells to nil. This remained the position in the 2020 financial year but, following the recommencement of production with positive ongoing prospects, the directors have reassessed the position and restated the value at \$785,000.

CMO (\$102,635)

The Company holds a 2.5% working interest within a block in Logan County, Oklahoma. Based on an Engineering Report prepared by the company's US agent and overviewed by the Board, the value of the wells, using a discount rate of 9%, was estimated at US\$102,635 as at 31 December 2021 (2020: \$24,166).

Dickason 1-7H (\$Nil)

This interest was sold on 1st January 2021 at a price of \$46,873.

Blevins 1-H (\$Nil)

This interest was sold on 1st January 2021 at a price of \$191,791.

Cimarron (US\$403,515)

The Company holds working interests of between 2.8% and 10.7% in four producing wells in Logan County, Oklahoma. Based on an Engineering Report prepared by the company's US agent and overviewed by the Board, the value of the operational wells was estimated using a 9% discount factor to be US\$403,515 as at 31 December 2020 (2020: \$288,425).

Other interests (US\$170,860)

Various other working, over-riding royalty and mineral interests and development prospect leasehold positions were valued at \$170,860 (2020: \$106,121).

Net commercial oil & gas reserve quantities:

Net commercial oil and gas reserve quantities for the year ended 31 December 2021 in respect of Cimarron, CMO, Justin, Kleckner and O'Neill.

| Net Commercial Reserves | Oil -Bbl | | Gas - McF | |
|---|----------|--------|-----------|---------|
| | 2021 | 2020 | 2021 | 2020 |
| Beginning of year - commercial developed | 9,348 | 14,572 | 98,250 | 226,833 |
| Revision of previous estimates | 2,420 | 3,287 | 57,105 | -6,033 |
| Production | -3,047 | -3,001 | -184,523 | -47,610 |
| New wells/extensions - Justin re-instated | - | - | 1,207,593 | - |
| Disposals | - | -5,510 | - | -74,940 |
| Net commercial reserves at end of year | 8,721 | 9,348 | 1,178,425 | 98,250 |

Notes to the Financial Statements - continued
for the Year Ended 31 December 20214. **TANGIBLE FIXED ASSETS - continued**

The figures for the previous year did not include any reserves pertaining to the Justin wells as these wells had been written down to a zero valuation in the 2019 financial statements as production was uneconomic at that time. Production recommenced during the 2021 financial year and is ongoing. On this basis, the reserves held have been recognised in the above statement.

5. **FIXED ASSET INVESTMENTS**

| | Other investments \$ |
|---|-------------------------------------|
| COST OR VALUATION | |
| At 1 January 2021 | |
| and 31 December 2021 | <u>1,064,282</u> |
| PROVISIONS | |
| At 1 January 2021 | 573,638 |
| Revaluation adjustments | <u>(109,356)</u> |
| At 31 December 2021 | <u>464,282</u> |
| NET BOOK VALUE | |
| At 31 December 2021 | <u>600,000</u> |
| At 31 December 2020 | <u>490,644</u> |
| | 31.12.21 |
| | \$ |
| Net value of investment brought forward at 1st January 2016 | 30,842 |
| Revaluation 2016 | 418,869 |
| Revaluation 2017 | -102,934 |
| Revaluation 2018 | 75,781 |
| Revaluation 2019 | 29,135 |
| Revaluation 2020 | 38,951 |
| Revaluation 2021 | 109,356 |
| Closing value as at 31st December 2021 | <u>600,000</u> |

The value of Fixed Asset Investments comprises an over-riding royalty interest in producing oil and gas wells at Green Canyon and Ewing Bank in the Gulf of Mexico, offshore Louisiana. The valuation of the investment was adversely affected in 2019 due to the temporary closure of wells but during the 2020 financial year, new wells were added and overall production increased. Following due consideration by the directors, based on information provided by the operator, the valuation was increased to \$490,644 in the 2020 financial statements. Based on the income generated from the investment during 2021 and the ongoing prospects, the valuation has been increased to \$600,000 following due consideration of all relevant factors.

6. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

| | 31.12.21 | 31.12.20 |
|---------------|-----------------------|---------------|
| | \$ | \$ |
| Trade debtors | 340,218 | 84,667 |
| Other debtors | 947 | 983 |
| | <u>341,165</u> | <u>85,650</u> |

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2021**

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 31.12.21 | 31.12.20 |
|------------------------------|-----------------------|---------------|
| | \$ | \$ |
| Taxation and social security | 252 | - |
| Other creditors | 496,118 | 56,686 |
| | <u>496,370</u> | <u>56,686</u> |

The balance of 'Other creditors' includes the sum of \$447,579 being the interim dividend approved and declared but not paid until 2022.

8. CALLED UP SHARE CAPITAL

| Allotted, issued and fully paid: Number: Class: | Nominal value: | 31.12.21 | 31.12.20 |
|---|-------------------|-------------------------|------------------|
| | | \$ | \$ |
| 664,804 Ordinary | £1 | <u>1,071,465</u> | <u>1,071,465</u> |

9. RESERVES

| | Retained earnings \$ |
|---------------------|-------------------------------------|
| At 1 January 2021 | 587,530 |
| Profit for the year | 2,191,638 |
| Dividends | (895,158) |
| At 31 December 2021 | <u>1,884,010</u> |

Included within the retained earnings is the sum of \$569,158 (2020: \$459,802) being the unrealised accumulated revaluation gain in respect of the Green Canyon ORI Fixed Asset Investment. This value is non distributable.

10. RELATED PARTY DISCLOSURES

Mr McColl is a director of McColl and Associates Limited, which provides company secretarial services on a fee basis to the Company. In 2021 these fees amounted to US\$16,530 (2020: US\$15,320).

11. PROVISIONS FOR LIABILITIES

Deferred tax

A deferred tax asset of US\$371k (2020: \$652K) in relation to differences between accumulated depreciation and amortisation and capital allowances has not been recognised.

Decommissioning costs

The directors have reviewed the company's obligations in respect of decommissioning and have concluded that no provision is necessary as the directors estimate that there is no liability in respect of the Company's interests.

Proposed dividends

A provision of \$447,579 has been created in respect of the proposed final dividend which is to be paid on 1 November 2022, subject to approval by the shareholders. A separate accrual of \$447,579 has been made for the interim dividend which was agreed by shareholders prior to the approval of these financial statements and is included within the balance of 'Other creditors' as per Note 10.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.