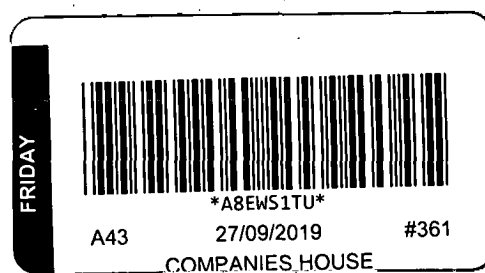


Company Registration No. 01568950

**Perenco Holdings**

**Annual Report and Financial Statements**

**For the Year Ended 31 December 2018**



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## **Officers and professional advisers**

### **Directors**

N J Fallows  
A P Eager  
J B Parr

### **Secretary**

A P Eager

### **Registered office**

8 Hanover Square  
London,  
England,  
United Kingdom,  
W1S 1HQ

### **Bankers**

The Royal Bank of Scotland  
5-10 Great Tower Street  
London,  
England,  
United Kingdom,

### **Solicitors**

Herbert Smith  
London

### **Auditor**

Deloitte LLP  
Statutory Auditor  
London  
United Kingdom

## **Perenco Holdings**

### **Strategic report**

#### **For the year ended 31 December 2018**

The objectives of Perenco Holdings (the "Company") are to provide services to various related companies under common control, principally technical support in oil and gas, contract administration and provision of office space and services.

#### **Business review**

The Company's revenue for 2018 was £55,307k and has increased by £4,519k since 2017.

The profit after tax for year ended 31 December 2018 amounted to £604k (2017: £2,737k).

The Company's overall equity at the end of the year has increased from £22,087k at 31 December 2017 to £22,690k at 31 December 2018. No dividend was paid in the year.

The key performance indicators for the Company are revenue, gross profit margin and profit after tax.

#### **Principal risks and uncertainties**

The Company's operations expose it to a variety of financial risks that include credit risk, foreign currency risks and liquidity risk. The Company is not exposed to interest rate risk or price risk.

##### Credit risk

The Company's principal financial assets are cash and cash equivalents and intercompany receivables. The Company's counterparty risks in relation to its cash and cash equivalents are considered to be limited because counterparties are financial institutions with high credit ratings assigned by international credit-rating agencies. The credit risk on intercompany receivables is monitored by the Company's parent, there was no impairment of intercompany receivables in 2018.

##### Foreign currency risk

The Company's activities expose it to the financial risks of changes in foreign currency exchange rates. The Company considers that movements in foreign exchange are a regular part of its business environment. The Company accepts this foreign exchange risk and does not use foreign currency derivative instruments.

##### Liquidity risk

The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial debts and liabilities.

##### The Impact of the UK's exit from the EU

Following the referendum in 2016, we have been assessing the potential impact of Brexit on the Company and do not anticipate a significant direct impact from Brexit on the Company's activities. We remain alert to the impact any final deal will have on the macro economic conditions. Our assessment is that any direct impact from Brexit will be limited and do not pose a significant risk to the Company's activities.

Approved by the Board of Directors and signed on behalf of the Board:



A P Eager  
Secretary  
27 September 2019

## **Perenco Holdings**

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

The directors present their annual report on the affairs of the Company, together with the audited financial statements and auditor's report for the year ended 31 December 2018.

#### **Directors**

The directors, who served throughout the year and through to the date of signing, were as follows:

N J Fallows

A P Eager

J B Parr

#### **Going concern**

The Company's business activities, key financial risks and position are set out in the strategic report. The financial position of the Company is set out in the statement of financial position and related notes.

The Company is largely self-funding, therefore meets its day-to-day working capital requirements through net proceeds received from intercompany recharges. The Company's projections, taking into account reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current financial position.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

#### **Subsequent events**

There are no significant subsequent events that have occurred after 31 December 2018.

#### **Dividends**

No dividend has been proposed for the year ended 31 December 2018.

#### **Future developments**

The Company will continue to provide services to related companies under common control for the foreseeable future.

#### **Political donations**

No political donations were made in the year ended 31 December 2018 (2017: £nil).

#### **Use of financial instruments and risk management**

Please refer to the strategic report for these disclosures, which form part of this report by cross-reference.

## **Perenco Holdings**

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

#### **Auditor**

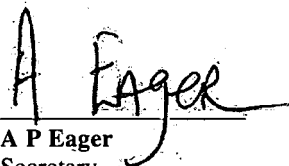
Each of the directors at the date of approval of this report confirms that:

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

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

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board:

A handwritten signature in black ink, appearing to read 'A P Eager', written over a horizontal line.

**A P Eager**  
Secretary  
27 September 2019

## **Perenco Holdings**

### **Directors' responsibilities statement**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare such financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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.

# **Perenco Holdings Report and Financial Statements 2018**

## **Independent auditor's report to the members of Perenco Holdings**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Perenco Holdings Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.



# **Perenco Holdings Report and Financial Statements 2018**

## **Independent auditor's report to the members of Perenco Holdings (Continued)**

### **Responsibilities of directors**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report 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 any material misstatements in the strategic report or the directors' report.

#### **Matters on which we are required to report by exception**

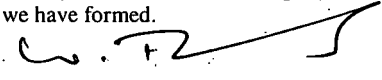
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

#### **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.



William Brooks FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
28 September 2018

## Perenco Holdings

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

	Notes	2018 £'000	2017 £'000
<b>Revenue</b>	4	55,307	50,788
Administrative expenses		(54,527)	(48,136)
<b>Operating profit</b>	5	780	2,652
Finance costs	6	(13)	(10)
Other financial gains and losses	7	(91)	636
Interest Income	7	477	349
<b>Profit before taxation</b>		1,153	3,626
Taxation	9	(549)	(889)
<b>Total profit for the year</b>		604	2,737
<b>Total comprehensive income for the year</b>		604	2,737

All results are derived from continuing operations.

Total profit and total comprehensive income for the years presented are attributable to the owners of the Company.


## Perenco Holdings

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

	Notes	2018 £'000	Restated 2017 £'000
<b>Non-current assets</b>			
Property, plant and equipment	10	17,252	19,545
Long term receivables	12	5,273	6,658
Deferred tax asset	11	1,429	1,733
		<u>23,954</u>	<u>27,936</u>
<b>Current assets</b>			
Trade and other receivables	13	21,257	18,841
Cash and cash equivalents		23,707	16,124
		<u>44,964</u>	<u>34,966</u>
<b>Total assets</b>		<u>68,918</u>	<u>62,902</u>
<b>Current liabilities</b>			
Trade and other payables	15	(34,311)	(31,303)
		<u>(34,311)</u>	<u>(31,303)</u>
<b>Non-current liabilities</b>			
Borrowings	14	(7,031)	(6,658)
Long-term liability	16	(4,886)	(2,853)
		<u>(11,917)</u>	<u>(9,511)</u>
<b>Total liabilities</b>		<u>(46,228)</u>	<u>(40,815)</u>
<b>Net assets</b>		<u>22,690</u>	<u>22,087</u>
<b>Equity</b>			
Share capital	21	6,910	6,910
Retained earnings		15,780	15,177
<b>Total equity</b>		<u>22,690</u>	<u>22,087</u>

These financial statements for Perenco Holdings (UK company registration number 01568950) were approved by the Board of Directors on 20 September 2019.

Signed on behalf of the Board of Directors

  
A P Eager

## Perenco Holdings

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

	Notes	Share capital <u>£'000</u>	Retained earnings <u>£'000</u>	Total equity <u>£'000</u>
At 1 January 2017	21	6,910	12,440	19,350
Total comprehensive income for the year		<u>-</u>	<u>2,737</u>	<u>2,737</u>
At 31 December 2017		6,910	15,177	22,087
Total comprehensive income for the year		<u>-</u>	<u>603</u>	<u>603</u>
At 31 December 2018		<u>6,910</u>	<u>15,780</u>	<u>22,690</u>

## Perenco Holdings

### Cash flow statement For the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
<b>Cash generated by operations</b>	18	6,747	17,068
Income taxes (paid)/received		(471)	129
<b>Net cash from operating activities</b>		<u>6,276</u>	<u>17,197</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(765)	(11,217)
Interest received		419	349
Receipt/(Payment) on loan to related party		1,706	(1,801)
Sale of other non-current asset		-	4
<b>Net cash used in investing activities</b>		<u>1,360</u>	<u>(12,665)</u>
<b>Cash flows from financing activities</b>			
Borrowings increase		-	5,348
Bank charges and interest		(13)	(10)
<b>Net cash generated by financing activities</b>		<u>(13)</u>	<u>5,338</u>
<b>Net increase in cash and cash equivalents</b>		7,623	9,871
<b>Cash and cash equivalents at the beginning of the year</b>		16,124	5,617
Effect of foreign exchange rate changes		(39)	636
<b>Cash and cash equivalents at the end of the year</b>		<u>23,707</u>	<u>16,124</u>

## Perenco Holdings

### Notes to the financial statements Year ended 31 December 2018

#### 1. General Information

Perenco Holdings (the "Company") is an unlimited company incorporated in United Kingdom and registered in England & Wales under the Companies Act 2006. The address of the registered office is: 8 Hanover Square, London, W1S 1HQ. The nature of the Company's operations and its principal activities are set out in the directors' report. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

#### 2. Accounting policies

##### (a) Basis of preparation

The financial statements have been prepared on the going concern basis and in accordance with applicable International Financial Reporting Standards ("IFRSs") as adopted by the European Union applied consistently across the Company, and consistently with prior years.

The following new and revised Standards and Interpretations to published standards were adopted by the Company for the financial year beginning 1 January 2018:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
Amendments to IFRS 1 and IAS 28	IFRS Standards 2014-2016 cycle

The classification and measurement of financial assets have changed with the implementation of IFRS 9 during 2018. However, this has not materially changed the measurement of financial assets of the Company. The IFRS 9 impairment model requiring the recognition of 'expected credit losses', in contrast to the requirement to recognise 'incurred credit losses' under IAS 39, has not had a material impact on the Company's Financial Statements. Trade receivables are generally settled on a short time frame and the Company's other financial assets are due from counterparties without material credit risk concerns at the time of transition.

The adoption of these Standards and Interpretations has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective and therefore not adopted:

IFRS 16	Leases (Effective 1 January 2019)
IFRIC 23	Uncertainty over income tax treatments
Amendments to IAS 19	Plan amendment, curtailment or settlement (amendments to IAS19)
Amendments to IAS 28	Long-term interests in associates and joint ventures (amendments to IAS28)
Amendments to IFRS 9	Prepayment features with negative compensation (amendments to IFRS9)
2015 - 2017 Cycle	Annual Improvements to IFRS

IFRS 16 has not yet been implemented. Its implementation in 2019 will, however, have an effect on both the measurement and disclosures of items within the financial statements.

IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. The adoption of IFRS 16 Leases, which the Company will adopt for the year commencing 1 January 2019, will impact both the measurement and disclosures of leases over a low-value threshold, with terms longer than one year. The Company has completed an assessment of lease agreements. On adoption of IFRS 16, the Company will recognise lease liabilities in relation to leases which are currently classified as 'operating leases' under the principles of

## Perenco Holdings

### 2. Accounting policies (continues)

#### (b) Basis of preparation (continued)

IAS 17 Leases. These liabilities will be measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease (if available).

The evaluation of the impact on this change to lease accounting has been assessed as follows by management;

The charge to the Income Statement would not have materially changed during the period as a consequence of the implemented changes.

The implementation of the changes would have resulted in a right of use asset valued at \$49.4 million, as well as a total lease liability of \$44.0 million being recognised on the Statement of Financial Position.

#### (c) Revenue recognition

Revenue represents amounts charged for technical and administration services provided to other Perenco group companies net of VAT and other sales-related taxes. Revenue from services is recognised in the period in which services are rendered.

Accounting for revenue under IFRS 15 does not represent a substantive change from the Company's previous accounting policy for recognising revenue.

#### (d) Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and provision for any impairment. The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Depreciation is charged so as to write off the cost, less estimated residual value of assets, using the straight-line method over their estimated useful lives as follows:

Leasehold improvements	10 years or the life of the lease if shorter
Office equipment (including computers) and vehicles	3 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales' proceeds and the carrying amount of the asset and is recognised in income.

#### (e) Foreign currencies

Transactions denominated in foreign currency are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated into sterling at the rate of exchange ruling on the balance sheet date, with exchange differences being reflected in the income statement.

#### (f) Provisions

A provision is recognised when the Company has a present obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

#### (g) Operating leasing

Rental income and rentals payable under operating leases are recognised on a straight-line basis over the lease term.

## **Perenco Holdings**

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

#### **h. Pensions**

The Company makes defined contributions to certain money purchase personal pension plans which are expensed as incurred.

#### **i. Taxation**

The tax expense represents the sum of the charges and credits for current and deferred tax.

Current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are non-taxable or deductible. Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recognised at acquisition as part of the assessment of fair value of assets and liabilities acquired.

#### **j. Financial instruments**

Financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes party to contractual provisions of the instrument. The Company has not entered into any derivative financial instruments during the years presented. The IFRS 9 impairment model requiring the recognition of 'expected credit losses', in contrast to the requirement to recognise 'incurred credit losses' under IAS 39, has not had a material impact on the Company's Financial Statements.

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

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprises cash at bank.

#### **Trade and other receivables**

Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.



## **Perenco Holdings**

### **Notes to the financial statements (continued)**

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

##### **j. Financial instruments (continued)**

###### Trade and other payables

Trade payables principally comprise amounts outstanding for trade purchase and ongoing costs. The carrying amounts of trade payables, which is their nominal value, approximates to their fair value.

##### **k. Prior year restatement**

###### Borrowings

During 2018, a restatement of 2017 borrowings took place where the liability of £6,000k was moved from non-current to current, as the entity does not have the ability to defer payment for a period over 12 months after the balance sheet date.

The restatement of 2017 figures have no impact on the Statement of comprehensive income and the Cash flow statement. Impact is only on the Statement of financial position and Notes 14 and 15.

As the inception of this liability took place in 2017, there is no impact in the opening balances of the comparative year, therefore a third balance sheet is not required to be presented.

#### **3. Critical accounting judgements and key sources of estimation uncertainty**

In the process of applying the Company's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of the assets and liabilities that are not readily apparent from other sources.

The following are the critical judgements and estimates that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. If there are outcomes within the next financial year that are different from the assumptions made, this could require a material adjustment to the carrying amount of the liability.

##### **Key sources of estimation uncertainty**

###### **(a) Long-term incentive scheme ("LTIS")**

The Company operates a LTIS available to certain employees. In determining the carrying value of units awarded management makes assumptions for the profitability of the Perenco SA Group. The carrying value of the LTIS liability at 31 December 2018 is shown in note 16.

##### **Critical accounting judgements**

###### **(b) Deferred tax**

Deferred tax assets relating to certain temporary differences are recognised when management considers it is probable that the future taxable profit will be available against which the temporary differences or tax losses can be utilised. The Company recognised deferred tax assets for £1,429k as at 31 December 2018 (2017: asset £1,733k).

## Perenco Holdings

### 4. Revenue

Revenue comprises amounts charged for technical and administration services provided in the UK.

	<u>2018</u>	<u>2017</u>
	<u>£'000</u>	<u>£'000</u>
Amounts charged to related companies	55,307	50,788

### 5. Operating profit

	<u>2018</u>	<u>2017</u>
	<u>£'000</u>	<u>£'000</u>
The operating profit is stated after charging/(crediting):		
Depreciation (note 10)	3,057	2,548
Operating lease rentals	5,709	5,134
Rents receivable under operating leases	(971)	(897)
Auditor's remuneration fees payable for the audit of the Company's annual financial statements	21	19

During the year ended 31 December 2018, fees payable by the Company to Deloitte LLP for non-audit related services amounted to £nil (2017: Nil).

### 6. Finance costs

	<u>2018</u>	<u>2017</u>
	<u>£'000</u>	<u>£'000</u>
Bank charges	13	10

### 7. Other financial gains and losses

	<u>2018</u>	<u>2017</u>
	<u>£'000</u>	<u>£'000</u>
Foreign exchange (losses)/gains	(91)	636
Interest Income	477	349

No gains or losses have been recognised in respect of loans and receivables (including cash and bank balances) and financial liabilities measured at amortised cost.

## Perenco Holdings

### Notes to the financial statements (continued)

#### 8. Staff costs

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>(a) Directors' emoluments</b>		
Total emoluments	1,164	2,304
Company contributions to money purchase pension schemes	42	43
	<u>1,206</u>	<u>2,347</u>
<b>Remuneration of the highest paid director</b>		
Emoluments	811	1,180
Company contributions to money purchase pension schemes	29	3
	<u>840</u>	<u>1,183</u>

At the end of the year an amount of £632k (2017: £726k) was owed to directors (senior management personnel), with respect to long term benefits.

#### (b) Employees

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Employee costs, including directors, during the year were as follows:		
Wages and salaries	24,595	21,429
Social security costs	3,197	2,960
Other pension costs	624	533
	<u>28,416</u>	<u>24,922</u>

Other pension costs comprise the cost of contributions made to employees' individual personal pension plans. All three directors accrued benefits under pension schemes in the current and prior year.

The average monthly number of persons employed by the Company, including directors, was 100 (2017: 85), all within administration.

## Perenco Holdings

### Notes to the financial statements (continued)

#### 9. Taxation

##### (a) Analysis of corporation tax charge for the year

	<u>2018</u>	<u>2017</u>
	<u>£'000</u>	<u>£'000</u>
Current taxation:		
Overseas tax	140	129
Current taxation – UK	674	1,595
	<u>814</u>	<u>1,724</u>
Adjustment in respect of prior years:		
UK	3	(164)
Total current taxation	<u>817</u>	<u>1,560</u>
Deferred taxation:		
Origination and reversal of timing differences	(245)	(625)
Effect of changes in average tax rate on deferred tax balances	(32)	(46)
Tax charge for the year	<u>540</u>	<u>889</u>

##### (b) Factors affecting corporation tax charge for the year

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	<u>2018</u>	<u>2017</u>
	<u>£'000</u>	<u>£'000</u>
Profit before tax	1,153	3,626
Profit before tax multiplied by average 2018 UK corporation tax rate of 19.00% (2017: 19.25%)	219	698
Effects of:		
Fixed assets ineligible depreciation	193	208
Deduction for foreign tax expensed	-	(6)
Other permanent differences	(22)	-
Effect of changes in average tax rate on deferred tax balances	32	(46)
	<u>422</u>	<u>854</u>
Deduction for foreign tax expensed	115	(129)
Under-provision of tax in prior years	3	164
	<u>540</u>	<u>889</u>

## Perenco Holdings

### Notes to the financial statements (continued)

#### 9. Taxation (continued)

##### Tax rate changes

The UK corporation tax rate to 19% from 20% (effective from 1 April 2017) and to 17% (effective from 1 April 2020) were substantively enacted on 26 October 2015 and 6 September 2016 respectively. This will reduce the company's future UK tax charge accordingly. The UK deferred tax asset as at 31 December 2018 has been calculated based on the expecting long term rate of 17% substantively enacted at the balance sheet date.

#### 10. Property, plant and equipment

	Leasehold improvements £'000	Office equipment £'000	Vehicles £'000	Total £'000
<b>Cost</b>				
At 1 January 2017	16,472	6,367	142	22,981
Additions	9,146	2,052	19	11,217
Disposals	(7,735)	(1,113)	(4)	(8,852)
At 31 December 2017	17,883	7,306	157	25,346
Additions	192	478	95	765
Disposals	-	-	(41)	(41)
At 31 December 2018	18,075	7,784	210	26,070
<b>Depreciation</b>				
At 1 January 2017	4,729	4,698	121	9,548
Charge for the year	1,561	963	25	2,548
Disposals	(5,179)	(1,112)	(3)	(6,294)
At 31 December 2017	1,111	4,549	142	5,802
Charge for the year	1,775	1,251	31	3,057
Charge on Disposals	-	-	(41)	(41)
At 31 December 2018	2,887	5,800	132	8,818
<b>Net book value</b>				
At 31 December 2017	16,772	2,757	15	19,545
At 31 December 2018	15,189	1,984	78	17,252

## Perenco Holdings

### Notes to the financial statements (continued)

#### 11. Deferred taxation

	<u>2018</u>	<u>2017</u>
	<u>£'000</u>	<u>£'000</u>
Accelerated capital allowances	1,152	1,108
Other timing differences	277	625
	<u>1,429</u>	<u>1,733</u>
	<u>2018</u>	<u>2017</u>
	<u>£'000</u>	<u>£'000</u>
The movement in the deferred tax asset is outlined below:		
At 1 January	1,733	1,042
(Charge)/Credit to profit or loss	(304)	691
At 31 December	<u>1,429</u>	<u>1,733</u>

#### 12. Long Term receivables

	<u>2018</u>	<u>2017</u>
	<u>£'000</u>	<u>£'000</u>
Receivables from related parties	<u>5,273</u>	<u>6,658</u>

A facility of \$420m was made available to a related party (Petrowarao). A total of £15,893k was utilised on 12 March 2015 with a repayment of £4,816k (\$7,190k) in 2015. A further repayment of £5,918k (\$7,700k) was made in 2016. No repayment was made in 2017. A repayment of £1,706k (\$2,250k) was made in 2018. The loan accumulates interest at a rate of 1Y USD Libor + a margin of 4.5% and the interest is paid on a quarterly basis. The loan's last repayment date is 31 December 2025. The balance difference is due to FX on GBP/USD only.

## Perenco Holdings

### Notes to the financial statements (continued)

#### 13. Trade and other receivables

	<b>2018</b>	<b>2017</b>
	<u>£'000</u>	<u>£'000</u>
Trade receivables (related parties)	18,507	9,908
Other receivables	55	95
VAT recoverable	108	482
Corp Tax receivable	-	282
Accrued income (related parties)	1,555	6,099
Prepayments	1,032	1,976
	<u>21,257</u>	<u>18,841</u>

#### *Ageing of past due but not impaired receivables*

	<b>2018</b>	<b>2017</b>
	<u>£'000</u>	<u>£'000</u>
30-60 days	1,636	1,020
60-90 days	514	1,725
90-120 days	265	2,352
More than 120 days	1,108	(1,057)
Total	<u>3,523</u>	<u>4,040</u>

#### 14. Borrowings

	<b>2018</b>	<b>Restated 2017</b>
	<u>£'000</u>	<u>£'000</u>
Borrowings	7,031	6,658

Loans from a related party (Perenco SA) are non-interest bearing. The loan is to be repaid on a mutually agreeable date with Perenco SA. During 2018, a restatement of 2017 borrowings took place where the liability of £6,000k was moved from non-current to current, as the entity does not have the ability to defer payment for a period over 12 months after the balance sheet date. As the inception of this liability took place in 2017, there is no impact in the opening balances of the comparative year, therefore a third balance sheet is not required to be presented.

#### 15. Trade and other payables

	<b>2018</b>	<b>Restated 2017</b>
	<u>£'000</u>	<u>£'000</u>
Trade payables	1,354	1,169
Amounts owed to related companies under common control	20,121	12,216
Salaries and social security	3,596	3,883
Corporation Tax payable	684	2,239
Long-term incentive scheme (Note 16)	4,270	4,999
Other accruals	4,286	6,798
	<u>34,311</u>	<u>31,304</u>

Amounts owed to related companies under common control are repayable on demand and do not bear interest.

## Perenco Holdings

### Notes to the financial statements (continued)

#### 16. Non-current liabilities

	<u>2018</u>	<u>2017</u>
	<u>£'000</u>	<u>£'000</u>
Long-term incentive scheme	<u>4,886</u>	<u>2,853</u>

The Group operates a long term incentive scheme ("LTIS") that rewards certain employees based on the performance of the Perenco SA Group. Under the terms of the LTIS, which is accounted for in accordance with IAS 19 'Employee Benefits', employees are awarded units which vest after 3 years, the value of which are linked to the profitability of the Group. Perenco Holdings have recorded a provision for LTIS of £9,156k (2017: £7,853k), of which £4,886k (2017: £2,853k) is disclosed within non-current liabilities and £4,270k (2017: £4,999k) is disclosed within trade and other payables.

#### 17. Financial instruments

##### Financial risk management

The Company monitors and manages the financial risks relating to its operations on a continuous basis. These include interest, credit, foreign exchange and liquidity risks. The Company's significant financial instruments are cash and cash equivalents, trade and other receivables and trade payables. The Company is not exposed to interest rate risk or price risk.

##### Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern whilst maximising return to shareholders. The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital and retained earnings.

The Company had no external borrowings at 31 December 2018 (2017: £nil). The Company was not subject to any externally imposed capital requirements as at 31 December 2018 (2017: none).



## Perenco Holdings

### Notes to the financial statements (continued)

#### 17. Financial instruments (continued)

##### Foreign currency risk

The Company's activities expose it to the risks of changes in foreign currency exchange rates. The Company considers that movements in foreign exchange are a regular part of its business environment and therefore accepts this risk and does not use foreign currency derivative instruments.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
USD	(524)	630	911	(1,265)
EUR	1,359	(1,990)	11,108	5,858
	<u>835</u>	<u>(1,360)</u>	<u>12,019</u>	<u>4,593</u>

A possible change in foreign exchange rates of 10% would result in a gain of £1,009k (2017: £541k) to the Company's results.

##### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

Credit risk is not considered to be a significant risk to the Company as the Company provides services to various related companies under common control and therefore the majority of financial assets are held with these companies. As such these amounts are considered fully recoverable.

The credit risk on cash and cash equivalents is considered to be limited because the counterparties are financial institutions with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

## Perenco Holdings

### Notes to the financial statements (continued)

#### 17. Financial instruments (continued)

##### Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial debts and liabilities.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1 to 5 years £'000	Total £'000
<b>31 December 2017</b>					
Non-interest bearing	<u>4,593</u>	<u>-</u>	<u>-</u>	<u>6,658</u>	<u>11,251</u>
<b>31 December 2018</b>					
Non-interest bearing	<u>12,019</u>	<u>-</u>	<u>-</u>	<u>5,273</u>	<u>17,292</u>

##### Categories of financial instruments

The Company's financial instruments, grouped according to the categories defined in IAS 39 'Financial instruments: Recognition and Measurement', were as follows:

	<b>2018</b> £'000	<b>2017</b> £'000
<b>Financial assets</b>		
Loans and receivables (including cash and cash equivalents)	47,542	32,786
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(28,507)	(20,043)
	<u>19,036</u>	<u>12,741</u>

##### Fair value of financial assets and liabilities

At 31 December 2018 and 2017 the carrying amounts of cash and cash equivalents, trade and other receivables (note 13) and trade and other payables (note 15) approximated to their fair values due to the short-term maturities of these assets and liabilities.

There were no financial instruments measured subsequent to initial recognition at fair value and accordingly no analysis of the level of the degree to which the fair value is observable has been provided.

## Perenco Holdings

### Notes to the financial statements (continued)

#### 18. Notes to the cash flow statement

##### Reconciliation of operating profit to cash generated by operations

	2018	2017
	£'000	£'000
<b>Cash flows from operation activities:</b>		
Operating profit	780	2,652
Adjustments for:		
Depreciation	3,057	2,548
Loss on disposal of fixed assets	-	2,557
<b>Operating cash flow prior to working capital changes</b>	<b>3,837</b>	<b>7,758</b>
(Increase)/Decrease in receivables	(2,357)	(965)
Increase/(Decrease) in payables	2,930	12,076
Increase/(Decrease) in provisions	2,336	-
Adjustment for related parties included in TR/TP	-	(1,801)
<b>Net cash from operating activities</b>	<b>6,747</b>	<b>17,068</b>

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term liquid investments with a maturity of three months or less.

#### 19. Capital commitments

At 31 December 2018 the Company had no capital commitments (2017: £nil).

#### 20. Lease commitments

The Company's minimum annual rental commitments under operating leases at 31 December 2018, all of which are for leases on land and buildings, expiring between one and five years, amounted to £29,887k (2017: £29,887k).

	2018	2017
	£'000	£'000
<b>Minimum lease payments</b>		
Due within one year	5,977	5,977
Between two and five years	23,910	23,910
Greater than five years	19,034	25,011
	<b>48,921</b>	<b>54,898</b>

## Perenco Holdings

### Notes to the financial statements (continued)

#### 21. Share capital

	2018	2017
	£'000	£'000
<b>Authorised</b>		
155,228,040 (2017: 155,228,040) ordinary shares of £0.10 each	15,523	15,523
<b>Allotted, called up and fully paid</b>		
69,101,970 (2017: 69,101,970) ordinary shares of £0.10 each	6,910	6,910

#### 22. Related parties

During the year the Company:

- (a) Recognised income of £55,307k (2017: £50,788k) in respect of recharged salaries, associated overhead, office space and office services to other related companies under common control;
- (b) Recognised £971k (2017: £897k) in respect of rents receivable under operating leases and;
- (c) Incurred £3,986k (2017: £1,626k) of reimbursable expenditure on behalf of connected persons, of which £3,986k was included in debtors at 31 December 2018 (2017: £1,641k).

Amounts owed by (trade receivables and accrued income) and amounts owed to related parties (trade payables and borrowings) under common control are disclosed in notes 13 and 15 respectively.

Details of transactions with directors and its senior and key management personnel are disclosed in note 8.

#### 23. Ultimate parent company

Lorinser Limited, a company incorporated in The Bahamas, is the immediate parent company of Perenco Holdings, but does not prepare consolidated financial statements.

Perenco SA, a company incorporated in The Bahamas, is the smallest group of undertakings, of which Perenco Holdings is a member, for which consolidated financial statements are prepared.

Perenco International Limited, a company incorporated in The Bahamas, is the ultimate parent company of Perenco Holdings and is the largest group of undertakings for which consolidated financial statements are prepared. It is controlled by the Perrodo family and trusts for their benefit.

The financial statements of both these companies are not available to the public.

#### 24. Subsequent events

There are no significant subsequent events that have occurred after 31 December 2018.