

PERENCO HOLDINGS
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

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PERENCO HOLDINGS

COMPANY INFORMATION

Directors

A P Eager
J B Parr

Secretary

A P Eager

Company number

01568950

Registered office

8 Hanover Square
London, England
W1S 1HQ

Independent Auditor

Deloitte LLP
Statutory Auditor
London, UK

Bankers

The Royal Bank of Scotland
5-10 Great Tower Street
London
EC3R 5DJ

Solicitors

Herbert Smith
Exchange House
Primrose Street
London
EC2A 2H

PERENCO HOLDINGS

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PERENCO HOLDINGS

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report and financial statements for the year ended 31 December 2021.

The principal 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.

Review of the business

The Company's revenue for the year ended 31 December 2021 was £62,960k and has decreased by £1,253k since 2020 due to decrease in staff salary recoveries and equivalent margin.

The profit after tax for the year ended 31 December 2021 amounted to £1,548k (2020: £3,745k loss).

The Company's overall equity at the end of the year has increased from £23,162k at 31 December 2020 to £24,710k at 31 December 2021.

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

Section 172 statement

At every board meeting the directors review, with the management team, the progress against strategic priorities. This collaborative approach by the board, together with the board's approval of the company strategy, helps it to promote the long-term success of the Company. The board assesses different areas of the business so that the Company is well prepared for the future challenges. Ultimately board decisions are taken based on what it considers to be in the best interest of the long-term financial success of the Company stakeholders, including shareholders, employees, the community and environment, our suppliers and customers.

We work to attract, develop and retain the world's best talent, equipped with the right skills for the future. Our people have a crucial role in delivering our strategy and creating value. We trust people we hire and let them express their talent in a wide range of domains.

We depend on the capability and performance of our suppliers, contractors and other partners, to help deliver the products and services we need for our operations. During the Covid-19 Pandemic, the Company has adopted Covid-19 External Visitors guidance to keep all stakeholders safe. Where possible minimising face to face contact and maintaining the relationships with remote working.

Safety will always be one of our core values. This is important to our workforce, while securing strong operational availability and reliability is crucial to our partners, suppliers and customers.

Our workforce helps us maintain our strong reputation for high standards of business conduct which is fundamental in delivering our purposes. To support our workforce during the Covid-19 Pandemic, the Company has adopted a Live Covid-19 Policy & Procedures that covers a secure and clean office environment with regular Antigen and PCR testing for all employees.

The board will continue to assess and monitor culture and will look to obtain useful insight through effective dialogue with our key stakeholders and taking feedback into account in the board's decision-making process.

PERENCO HOLDINGS

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Energy and carbon reporting

The Company reports on all sources of carbon emissions and energy usage required under The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended.

The Company followed the 2019 UK Government environmental reporting guidance. We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2019 to calculate the disclosures below.

GHG emissions and energy usage

	Period ending 31 December 2021	Period ending 31 December 2020
Emissions from activities which the company owns or controls, including combustion of fuel and operation of facilities – tonnes of CO2 (Scope 1)	-	-
Emissions from purchase of electricity, heat, steam and cooling purchased for own use – tonnes of CO2 (Scope 2)	610.08	713.55
Total gross Scope 1 & Scope 2 emissions – tonnes of CO2	610.08	713.55
Energy consumption used to calculate emissions - kwh	2,136,932.0	2,435,490.6
Intensity Ratio: Tonnes of CO2 per £m Revenue	9.69	11.11

Energy efficiency actions taken

During 2021, the Company has seen beneficial results from its strategic decision to improve energy efficiency to support the UK government meet its commitment to the Paris Agreement and zero carbon emission by 2040. The principal measure taken was to switch our electricity supplier to a sustainable energy provider. This action has resulted in a reduction in the Company's Intensity Ratio by 13%. Next planned actions include an energy audit to enable savings on consumption and an assessment of the office fitout, furniture and consumables procurement to establish sustainability goals.

PERENCO HOLDINGS

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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 companies, there was no impairment of intercompany receivables in the year.

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.

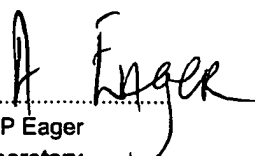
The Impact of the UK's exit from the EU

The Company has assessed its current activities and has not identified any significant direct impact from Brexit. Services are mostly provided to countries outside of the EU and the impact will be limited to fluctuations in the foreign currency exchange rates. The Company accepts this risk as part of its foreign currency risk.

Future developments

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

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


A P Eager
Secretary
28 June 2022

PERENCO HOLDINGS

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report on the affairs of the Company, together with the audited financial statements and auditor's report financial statements for the year ended 31 December 2021.

Results and dividends

The results for the year are set out on page 9.

No dividend has been proposed for the year ended 31 December 2021 (2020: £nil).

Directors

The directors, who served throughout the year, were as follows:

A P Eager

J B Parr

Matter included in the Strategic Report

The Company's business activities, key financial risks, performance, position and disclosures on the use of financial instruments, risk management, as well as the energy and carbon reporting are set out in the Strategic Report, which form part of this report by cross-reference.

The financial position of the Company is set out in the financial statements and related notes.

Going concern

As the Company is unlimited it relies upon the support of its parent companies to continue as a going concern.

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.

The continued impact of COVID-19 and the current economic environment on the basis of preparation of these financial statements has been considered by management. Currently, there has been no significant impact on the Company, and it continues to follow the guidelines of local government to maintain its operations during the COVID-19 outbreak.

The Company has received confirmation from its ultimate parent company, Perenco International Limited (Lyford Manor, Lyford Cay, West Bay Street PO Box N10 051 Nassau, Bahamas), that if need be, Perenco International Limited will provide finance to the company, for a period of at least 12 months from the date of these financial statements.

In making their assessment of going concern, the directors have considered the letter of support from Perenco International Limited. The directors, having assessed the responses of the directors of Perenco International Limited to their enquiries, have no reason to believe that Perenco International Limited will not be able to continue as a going concern or honour its commitments in accordance with the letter of support. On the basis of their assessment of the Company's financial position and the support from Perenco International Limited, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing the annual report and financial statements.

Subsequent events

Since the year-end, globally the COVID-19 pandemic continues to have significant economic and social disruption. Management have re-evaluated the impact of COVID-19 on the business activities and have concluded that there is insignificant economic or legal impact on the operations of the Company.

There are no other significant subsequent events that have occurred after 31 December 2021.

PERENCO HOLDINGS

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Political donations

No political donations were made in the year ended 31 December 2021 (2020: £nil).

Auditor

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

- so far as the director is aware, there is no relevant audit information of which the auditor is unaware; and
- 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.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

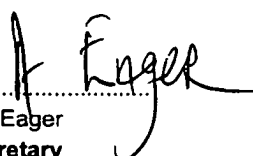
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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


A P Eager
Secretary
28 June 2022

PERENCO HOLDINGS

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 (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and IFRSs as issued by the IASB.

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

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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

We have nothing to report in this regard.

PERENCO HOLDINGS

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PERENCO HOLDINGS

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. This description forms part of our auditor's report.

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

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

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

PERENCO HOLDINGS

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PERENCO HOLDINGS

Report on other legal and regulatory requirements

Opinion on other matter 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

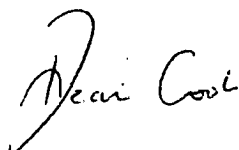
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.



Dean Cook, MA FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

28 June 2022

PERENCO HOLDINGS

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Revenue	5	62,960	64,213
Depreciation of Right-of-use asset	21	(5,389)	(5,389)
Administrative expenses		(54,187)	(55,352)
Operating profit	6	3,384	3,472
Impairment of receivables	13, 14	-	(5,674)
Finance costs	7	(1,283)	(3,042)
Other gains and losses	8	(856)	279
Interest income	8	-	263
Profit/(Loss) before taxation		1,245	(4,702)
Tax credit	10	303	957
Profit/(Loss) for the year		1,548	(3,745)

The Income Statement has been prepared on the basis that all operations are continuing operations. There were no income or expenses in the periods presented other than those disclosed above. Accordingly, no separate statement of comprehensive income has been prepared.

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

PERENCO HOLDINGS

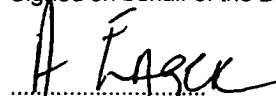
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Non-current assets			
Property, plant and equipment	11	10,500	12,545
Right-of-use asset	21	26,946	32,335
Long term receivables	13	-	-
Deferred tax asset	12	2,583	2,615
		40,029	47,495
Current assets			
Trade and other receivables	14	33,847	14,038
Cash and cash equivalents		5,613	22,540
		39,460	36,578
Total assets		79,489	84,073
Current liabilities			
Trade creditors and other payables	16	(19,158)	(17,776)
Lease liabilities	22	(4,869)	(4,704)
		(24,027)	(22,480)
Net current assets		15,433	14,098
Non-current liabilities			
Borrowings	15	-	(2,685)
Long-term Incentive Scheme	17	(3,946)	(4,072)
Lease liabilities	22	(26,805)	(31,674)
		(30,751)	(38,430)
Total liabilities		(54,779)	(60,910)
Net assets		24,710	23,162
Capital and reserves			
Called up share capital	23	(6,910)	(6,910)
Profit and loss account		(17,800)	(16,252)
Total equity		(24,710)	(23,162)

These financial statements for Perenco Holdings (UK company registration number 01568950) were approved by the Board of Directors on 28 June 2022.

Signed on behalf of the Board of Directors:



A R Eager
Secretary

Company Registration No. 01568950

PERENCO HOLDINGS

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2020	6,910	19,997	26,907
Loss for the year	-	(3,745)	(3,745)
Total comprehensive expense for the period	-	(3,745)	(3,745)
Balance at 31 December 2020	6,910	16,252	23,162
Profit for the year	-	1,548	1,548
Total comprehensive income for the period	-	1,548	1,548
Balance at 31 December 2021	6,910	17,800	24,710

PERENCO HOLDINGS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Cash generated from operations	19	7,921	19,025
Tax paid		-	(1,706)
Net cash inflow from operating activities		7,921	17,319
Investing activities			
Purchase of property, plant and equipment	11	(236)	(312)
Net cash used in investing activities		(236)	(312)
Financing activities			
Increase in cash pool with related party		(15,084)	-
Repayment of borrowings		(2,685)	(4,945)
Repayment of lease liability		(5,977)	(5,977)
Interest paid		(10)	(23)
Net cash used in financing activities		(23,756)	(10,945)
Net (decrease)/increase in cash and cash equivalents		(16,071)	6,062
Cash and cash equivalents at beginning of year		22,540	16,200
Effect of foreign exchange rates		(856)	279
Cash and cash equivalents at end of year		5,613	22,540

PERENCO HOLDINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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 strategic 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

2.1 Basis of preparation

The financial statements have been prepared on the historical cost basis, except where explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.2 Going concern

As the Company is unlimited it relies upon the support of its parent companies to continue as a going concern.

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.

The continued impact of COVID-19 and the current economic environment on the basis of preparation of these financial statements has been considered by management. Currently, there has been no significant impact on the company, and it continues to follow the guidelines of local government to maintain its operations during the COVID-19 outbreak.

The Company has received confirmation from its ultimate parent company, Perenco International Limited (Lyford Manor, Lyford Cay, West Bay Street PO Box N10 051 Nassau, Bahamas), that if need be, Perenco International Limited will provide finance to the company, for a period of at least 12 months from the date of these financial statements.

In making their assessment of going concern, the directors have considered the letter of support from Perenco International Limited. The directors, having assessed the responses of the directors of Perenco International Limited to their enquiries, have no reason to believe that Perenco International Limited will not be able to continue as a going concern or honour its commitments in accordance with the letter of support. On the basis of their assessment of the Company's financial position and the support from Perenco International Limited, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing the annual report and financial statements.

2.3 Revenue

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 at a point in time, in the period in which services are rendered.

PERENCO HOLDINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Accounting policies

2.4 Property, plant and equipment (including Fine art)

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. Fine art is carried at cost only, with an indefinite useful life it is not depreciated, expected residual value should be same or even higher than the acquisition cost. Art condition assessment will be conducted on a 5 year basis or at any point in time for insurance purpose.

With the exception of fine art, 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 telecom)	3 years
Vehicles	3 years
Fine art	n/a

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the income statement.

2.5 Foreign exchange

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.

2.6 Pensions

Under IAS 19, payments to defined contribution retirement benefit schemes are recognised in the income statement, in the period in which they become payable.

2.7 Employee benefits

Wages, salaries, bonuses, social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the Company. The Company operates a long-term incentive scheme called Bonus long-term ('BLT') that rewards certain employees based on the performance of the wider Perenco S.A. Group.

Under the terms of the BLT, which is accounted for in accordance with IAS 19 'Employee Benefits', employees are awarded a fixed amount which vest after three years. The cost of BLT is recognised proportionately as an expense over the vesting period. Refer to Note 17.

2.8 Taxation

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

Current 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.

PERENCO HOLDINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Accounting policies

Deferred tax

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.

2.9 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (each up to a threshold of £5,000/year, which includes telephones, tablets, personal computers, printers and small items of office furniture). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate. The discount rate used on implementation is 3.5%.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

PERENCO HOLDINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Accounting policies

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use asset is subsequently depreciated. Depreciation is straight line over the lease term, charged to the income statement.

2.10 Trade, other receivables, and Interest Income

Trade receivables principally comprise of recharged salaries, associated overhead, office space and office services from other related companies under common control.

Impairment of financial assets measured at amortised cost

Trade receivables are stated at their nominal value as reduced by appropriate allowances for lifetime expected credit losses (ECL). The Company estimate lifetime ECL on trade receivables by reference to the past default experience of the debtor and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as forecast direction of conditions at the reporting date. Material long term receivables are discounted to present value using projected cash inflows and an appropriate discount rate.

Interest income is recognised as the interest accrues using the effective interest method (applying the rate that exactly discounts estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset).

2.11 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 and cash at bank.

2.12 Trade and other payables

Trade payables principally comprise amounts outstanding to trade purchase and ongoing costs. The carrying amounts of trade payables approximate their fair values.

Borrowings are carried at their net issue proceeds plus finance costs less amounts paid. Finance costs, which comprise interest, discounts and issue costs, are allocated over the period of the borrowing to achieve a constant rate on the carrying amount. are measured at fair value.

PERENCO HOLDINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3 Adoption of new and revised standards and changes in accounting policies

In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 and IAS 8	Definition of Materiality
Amendments to IFRS 9 and IFRS 7	Interest Rate Benchmark Reform
Amendment to IFRS 16	Covid-19-Related Rent Concessions
Amendments to References to the Conceptual Framework in IFRS Standards	

Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 17	Insurance Contracts
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2021 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

PERENCO HOLDINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

4 Critical accounting estimates and judgements

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.

There are no critical estimations. The following are the critical judgements 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 amounts of assets and liabilities.

Lease accounting

On initial application of IFRS 16 Leases on 1 January 2019, the following key judgement was applied:

Discount rate

The Company applied an incremental borrowing rate on transition. The Company uses its incremental borrowing rate as the discount rate for determining its lease liabilities at the lease commencement date since the rate implicit in the lease cannot be readily determined. The calculation of the incremental borrowing rate involves estimation and has been obtained based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment and a Company specific adjustment.

5 Revenue

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

	2021 £'000	2020 £'000
Amounts charged to various related companies	20,545	16,958
Perenco SA	20,746	24,244
Perenco Oil & Gas Gabon	10,896	11,760
Perenco France	10,773	11,251
	<u>62,960</u>	<u>64,213</u>

6 Profit for the year

	Notes	2021 £'000	2020 £'000
Profit for the year is stated after charging/(crediting):			
Depreciation (Right-of-use asset)	21	5,389	5,389
Depreciation (Property, plant and equipment)	11	2,281	2,582
Auditor's remuneration fees payable for the audit of the Company's annual financial statements		<u>26</u>	<u>27</u>

During the year ended 31 December 2021, fees payable by the Company to Deloitte LLP for non-audit related services amounted to £nil (2020: Nil).

PERENCO HOLDINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

7	Finance costs	Note	2021	2020
			£'000	£'000
	Bank charges		9	8
	Interest on obligations under finance leases	21	1,273	3,018
	Interest payable – 3 rd party		1	-
	Interest payable – tax		-	16
	Total interest expense		<u>1,283</u>	<u>3,042</u>
8	Other gains and losses		2021	2020
			£'000	£'000
	Foreign exchange (losses) / gains		(856)	279
	Interest income		-	263
			<u>(856)</u>	<u>542</u>

PERENCO HOLDINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

9 Employees

	2021 £'000	2020 £'000
Directors' emoluments		
Total emoluments	1,651	1,394
Company contributions to money purchase pension schemes	46	46
	<u>1,697</u>	<u>1,439</u>
Remuneration of the highest paid director		
Emoluments	1,425	1,166
Company contributions to money purchase pension schemes	32	32
	<u>1,457</u>	<u>1,198</u>

At the end of the year an amount of £842k (2020: £1,078k) was owed to directors (senior management personnel), with respect to long term benefits.

Employees	2021 £'000	2020 £'000
Employee costs, including directors, during the year were as follows:		
Wages and salaries	24,951	22,052
Social security costs	3,283	2,973
Other pension costs	796	793
	<u>29,030</u>	<u>25,818</u>

Other pension costs comprise the cost of contributions made to employees' individual personal pension plans. Both 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 140 (2020: 124), all within administration.

PERENCO HOLDINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

10 Tax expense

	2021 £'000	2020 £'000
Corporation tax		
UK corporation tax at 19.00% (2020: 19.00%)	409	-
Group tax relief payable	-	12
Adjustment in respect of prior years	(353)	(279)
Tax credit	(432)	-
Foreign taxation	41	6
Deferred tax movement	32	(696)
	<u>(303)</u>	<u>(957)</u>

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/(loss) before tax is as follows:

	2021 £'000	2020 £'000
Profit/(Loss) before taxation on continued operations	1,245	(4,702)
Tax on profit on ordinary activities at standard CT rate of 19.00% (2020: 19.00%)	<u>237</u>	<u>(893)</u>
Effects of:		
Fixed asset differences	185	189
Expenses not deductible for tax purposes	18	19
Other permanent differences	(8)	-
R&D expenditure credits	68	-
Transfer pricing adjustments	-	134
Foreign tax credits	41	6
Tax credits	(432)	-
Adjustments to tax charge in respect of previous periods	(353)	(264)
Adjustments to tax charge in respect of previous periods – deferred tax	(24)	72
Temporary differences not recognised in the computation	587	-
Remeasurement of deferred tax for changes in tax rates	(620)	(217)
Total adjustments	<u>(538)</u>	<u>(61)</u>
Tax charge for the year	<u>(303)</u>	<u>(957)</u>
Tax charged in the financial statements	<u>(303)</u>	<u>(957)</u>

At Budget 2021, the government announced legislation setting the Corporation Tax main rate (for all profits except ring fence profits) at 25% for the years commencing 1 April 2023. The rate change was substantively enacted on 24 May 2021.

PERENCO HOLDINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Property, plant and equipment

	Leasehold improvements £'000	Office equipment £'000	Vehicles £'000	Fine arts £'000	Total £'000
Cost					
At 1 January 2020	18,068	8,583	251	-	26,902
Additions	149	183	-	-	332
Disposals	-	(358)	(40)	-	(398)
Transfer	(408)	-	-	408	-
Other	245	-	-	-	245
At 31 December 2020	18,054	8,408	211	408	27,081
Additions	75	132	29	-	236
Disposals	-	-	(19)	-	(19)
At 31 December 2021	18,129	8,540	221	408	27,298
Accumulated depreciation/impairment					
At 1 January 2020	4,676	7,236	174	-	12,086
Charge for the year	1,766	769	47	-	2,582
Eliminated on disposal	-	(339)	(40)	-	(379)
Other	245	-	-	-	245
At 31 December 2020	6,687	7,666	182	-	14,534
Charge for the year	1,810	447	24	-	2,281
Eliminated on disposal	-	-	(19)	-	(19)
At 31 December 2021	8,498	8,113	187	-	16,798
Carrying amount					
At 31 December 2021	9,630	429	33	408	10,500
At 31 December 2020	11,367	742	29	408	12,546
At 31 December 2019	13,392	1,347	76	-	14,815

PERENCO HOLDINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12 Deferred taxation

	2021 £'000	2020 £'000
Property, plant and equipment	1,107	872
Other deductible temporary differences	1,476	1,743
Total asset	<u>2,583</u>	<u>2,615</u>

	2021 £'000	2020 £'000
The movement in the deferred tax asset is outlined below:		
Deferred tax asset at 31 December 2020	2,615	1,919
Charge to profit or loss	(32)	696
Deferred tax asset at 31 December 2021	<u>2,583</u>	<u>2,615</u>

13 Long-term receivables

	2021 £'000	2020 £'000
Loan receivables	5,008	4,945
Loss allowance	(5,008)	(4,945)
Total	<u>-</u>	<u>-</u>

A borrowing facility was made available to Petrowarao SA, a company incorporated and doing business in Venezuela in which the Perenco group holds a non-controlling interest in the equity.

A total of £15,893k was advanced 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. No repayments have been made since 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. As a result of Libor reform, from 1 January 2022 the interest rate has changed to USD – SOFR (TSFR12M) + a margin of 4.5%.

It was decided by the directors, after considering various factors present at 31 December 2020, that the Company should recognise a lifetime expected credit loss due to a significant risk in credit risk on this long-term receivable.

The main factors considered by the directors are:

- US Sanction on funds leaving Venezuela
- Loss of contact with Petrowarao
- Inability to obtain Petrowarao financial position statements

PERENCO HOLDINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

14 Trade and other receivables

	2021	2020
	£'000	£'000
Trade receivables (related parties)	14,123	11,435
Amount due from group cash pooling arrangement	15,084	-
Other receivables	1,053	726
VAT recoverable	411	468
Accrued income (related parties)	2,158	305
Prepayments	1,747	1,832
Bad debt provision	(729)	(729)
	<u>33,847</u>	<u>14,038</u>
<i>Ageing of past due but not impaired receivables:</i>		
	2021	2020
	£'000	£'000
30-60 days	498	476
60-90 days	74	121
90-120 days	41	44
More than 120 days	309	112
	<u>922</u>	<u>753</u>

Trade receivables relates to the amount owed to the Company for services provided to various related companies under common control, principally technical support in oil and gas and contract administration.

Amounts due from group cash pooling arrangement relates to cash paid to Perenco Petroleum Limited under a cash pooling treasury agreement. The balance held in Perenco Petroleum Limited on behalf of the Company is treated as a current account and does not attract interest.

The Company measures the loss allowance for receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated by reference to the past default experience of the debtor and an analysis of the debtors current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as forecast direction of conditions at the reporting date.

15 Borrowings

	2021	2020
	£'000	£'000
Borrowings	-	2,685

In 2021, there are currently no loans from a related party (Perenco SA).

PERENCO HOLDINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

16 Trade and other payables

Current liabilities

	2021	2020
	£'000	£'000
Trade payables	754	1,203
Amounts owed to related companies under common control	2,301	2,727
Salaries and social security	669	692
Long-term incentive scheme	5,673	5,733
Other accruals	9,761	7,421
	<u>19,158</u>	<u>17,776</u>

Amounts owed to related companies under common control are repayable on demand and do not bear interest. Payment terms are 30-60 days.

17 Non-current liabilities

	2021	2020
	£'000	£'000
Long-term incentive scheme	3,946	4,072
	<u>3,946</u>	<u>4,072</u>

The Company operates a long-term incentive scheme called Bonus long-term ('BLT') that rewards certain employees based on the performance of the Perenco group. Under the terms of the BLT, which is accounted for in accordance with IAS 19 'Employee Benefits', employees are awarded a fixed amount which vest after three years. The Company has recorded a provision for BLT of £9,619k (2020: £9,804k), of which £3,946k (2020: £4,072) is disclosed within non-current liabilities and £5,673k (2020: £5,733k) is disclosed within trade and other payables.

PERENCO HOLDINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

18 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 exposed to interest rate risk on its long-term receivable from Petrowarao, this is currently being monitored by the company.

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 2021 (2020: £nil). The Company was not subject to any externally imposed capital requirements as at 31 December 2021 (2020: none).

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 Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
USD	16	(554)	14	37
EUR	9,379	1,632	8,608	15,020
	<u>9,395</u>	<u>1,078</u>	<u>8,622</u>	<u>15,057</u>

A possible change in foreign exchange rates of +/- 10% would result in a loss of £2,093k 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.

In 2021, the Company has recognised that there is a risk of expected loss on the long-term receivable due from Petrowarao, a related party, and 100% of lifetime expected credit losses were recognised.

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)

FOR THE YEAR ENDED 31 DECEMBER 2021

18 Financial Instruments

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 – 5 years £'000	Total £'000
31 December 2021					
Non - interest bearing	754	-	-	2,301	3,055
31 December 2020					
Non - interest bearing	1,203	-	-	5,412	6,615

Categories of financial instruments

The accounting classification of each category of the Company's financial instruments and their carrying amounts are set out below. The amounts are presented based on the classification, measurement and impairment requirements of IFRS 9.

	2021 £'000	2020 £'000
Financial assets (measured at amortised cost)		
Loans and receivables	15,176	12,162
Cash and cash equivalents	5,613	22,540
Financial liabilities (measured at amortised cost)		
Financial liabilities	(3,055)	(6,615)
	<u>17,734</u>	<u>28,087</u>

Fair value of financial assets and liabilities

At 31 December 2021 and 2020 the carrying amounts of cash and cash equivalents, trade and other receivables (note 14) and trade and other payables (note 16) 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)

FOR THE YEAR ENDED 31 DECEMBER 2021

19	Cash generated from operations	2021 £'000	2020 £'000
	Operating Profit for the year	3,384	3,472
	Adjustments for:		
	Depreciation and impairment of property, plant and equipment	2,281	2,582
	Depreciation of right of use asset	5,389	5,389
	Deferred tax movement	32	0
	Operating cash flow prior to working capital changes	11,086	11,443
	Movements in working capital:		
	(Increase)/Decrease in trade and other receivables	(4,725)	12,521
	Increase/(decrease) in trade and other payables	1,685	(3,047)
	(Decrease) in provisions	(125)	(1,892)
	Cash generated by operations	7,921	19,025

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.

20 Capital commitments

At 31 December 2021 the Company had no capital commitments (2020: £nil).

PERENCO HOLDINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

21 Right-Of-Use assets

The Company leases the office building. The lease term is 10 years. The opportunity to extend and whether the Company will accept is due for assessment in 2022. Total cash outflows for lease amount to £5.9 million in 2021. Interest expense of £1.2 million has been expensed in the current year (2020: £3 million).

	Buildings £'000	Total £'000
Cost		
As at 1 January 2020	43,113	43,113
Additions	-	-
As at 31 December 2020	43,113	43,113
Additions	-	-
Decrease	-	-
As at 31 December 2021	43,113	43,113
Accumulated depreciation		
As at 1 January 2020	(5,389)	(5,389)
Charge for the year	(5,389)	(5,389)
As at 31 December 2020	(10,778)	(10,778)
Charge for the year	(5,389)	(5,389)
As at 31 December 2021	(16,167)	(16,167)
Carrying amount		
At 31 December 2020	32,335	32,335
At 31 December 2021	26,946	26,946
Amounts recognised in profit and loss		
	2021	2020
	£'000	£'000
Depreciation expense on right-of-use assets	5,389	5,389
Interest expense on lease liabilities	1,273	3,018
	6,662	8,407

PERENCO HOLDINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

22 Lease liabilities

	2021 £'000	2020 £'000
Analysed as:		
Current	4,869	4,704
Non-current	26,805	31,674
Total	31,674	36,378

The Company does not face a significant liquidity risk with regards to its lease liabilities. Included in the lease liability is a decommissioning provision of £5.5m.

23 Share capital

	2021 £'000	2020 £'000
Authorised		
155,228,040 (2020: 155,228,040) ordinary shares of £0.10 each	15,523	15,523
Allotted, called up and fully paid		
69,101,970 (2020: 69,101,970) ordinary shares of £0.10 each	6,910	6,910

24 Related party transactions

During the year the Company:

- Recognised revenue of £62,960k (2020: £64,213k) in respect of recharged salaries, associated overhead, office space and office services to other related companies under common control.
- Incurred £1,151k (2020: £1,272k) of reimbursable expenditure on behalf of connected persons, was included in debtors at 31 December 2021.

Amounts owed by (trade receivables and accrued income) and amounts owed to related parties under common control are disclosed in notes 14 and 16 respectively.

Details of transactions with directors and its senior and key management personnel are disclosed in note 9.

PERENCO HOLDINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

25 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 Perodo family and trusts for their benefit.

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

26 Events after the reporting date

Since the year-end, globally the COVID-19 pandemic continues to have significant economic and social disruption. Management have re-evaluated the impact of COVID-19 on the business activities and have concluded that there is insignificant economic or legal impact on the operations of the Company.

There are no other significant subsequent events that have occurred after 31 December 2021.