

Premier Oil and Gas Services Limited

Registered Company Number 03468792

Annual Report and Financial Statements

31 December 2022



Premier Oil and Gas Services Limited

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Premier Oil and Gas Services Limited

Corporate information

Directors

Alexander Krane
Howard Landes

Secretary

Harbour Energy Secretaries Limited

Independent Auditors

Ernst & Young LLP
Statutory Auditor
1 More London Place
London
SE1 2AF

Registered Office

23 Lower Belgrave Street
London
SW1W 0NR

Company No. 03468792

Premier Oil and Gas Services Limited

Strategic Report

The directors present their strategic report on Premier Oil and Gas Services Limited (the "company") for the year ended 31 December 2022.

Results

The financial statements have been prepared for the year to 31 December 2022. For the year to 31 December 2022 the company made a profit of £0.1 million (2021: profit of £0.6 million).

Principal Activities and Review of the Business

The company was incorporated on 20 November 1997 and is part of the Harbour Energy plc group of companies (the Group). The principal activity of the company is the provision of support services to group companies in the oil and gas industry. The Group's principal activities are the acquisition, exploration, development and production of oil and gas reserves on the UK and Norwegian Continental Shelves, Indonesia, Vietnam and Mexico. Further information can be found in Harbour Energy plc's consolidated annual report and accounts for the year ended 31 December 2022 (the "Group Report").

Key Performance Indicators (KPIs)

The Group's activities consist of one class of business being the acquisition, exploration, development and production of oil and gas reserves. The Company's KPIs are aligned with those of the Group. Further information about KPIs in the context of the Group business can be found in the Group Report.

Principal Risks and Uncertainties

The company is subject to a range of risks, these risks are identified and managed by the Group. Information about risks and uncertainties in the context of the Group business can be found in the Strategic Report within the Group Report.

Approved by the Board on 27 September 2023 and signed on its behalf by:

DocuSigned by:

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Alexander Krane (Director)

Premier Oil and Gas Services Limited

Directors' Report

The directors present their annual report and audited financial statements for the year ended 31 December 2022.

Directors

The following served as directors of the company during the year and up to the date of signing of the financial statements:

Alexander Krane
Howard Landes
Philip Kirk (resigned 28 February 2022)

Results and Dividends

The profit for the financial year amounted to £0.1 million (2021: profit of £0.6 million). During the year the company did not declare or pay a dividend. The directors do not recommend the payment of a final dividend (2021: £ nil).

Financial Instruments

The company finances its activities with intercompany funding. Other financial assets and liabilities, such as trade debtors, trade creditors and other intercompany balances, arise directly from the company's operating activities.

Financial instruments can give rise to foreign currency, interest rate, credit, price and liquidity risk. Information on these risks is set out in the Group Report.

Future Developments

The company is one of several companies currently providing support services to other group companies. The Group intends to consolidate the provision of support services in a single group company, Harbour Energy Services Limited, and therefore the activities of the company will be reduced during 2023 and 2024.

Directors' Liabilities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Going Concern

The directors have adopted the going concern basis of accounting for the preparation of the financial statements as the Company's ultimate parent company, Harbour Energy plc, has undertaken to directly provide the necessary financial support to the Company, as and when required, to meet all liabilities for a period of 12 months from the date of signing these financial statements. In making their assessment of going concern, the directors have considered the letter of support from Harbour Energy plc and are confident that it has adequate resources to support the Company for 12 months from the date of signing these financial statements.

Disclosure of Information to the Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

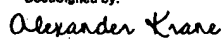
- (1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the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

Premier Oil and Gas Services Limited

Directors' Report (continued)

Approved by the Board on 27 September 2023 and signed on its behalf by:

DocuSigned by:

CD20FB85420F481...

Alexander Krane (Director)

Company Registered No. 03468792

Premier Oil and Gas Services Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the Financial Statements in accordance with applicable UK law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the directors have elected to prepare the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the net income or loss of the Company for that period.

In preparing these Financial Statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's report to the members of Premier Oil Gas Services Limited

Opinion

We have audited the financial statements of Premier Oil and Gas Services Limited for the year ended 31 December 2022 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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 12 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 this 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

Independent Auditor's report to the members of Premier Oil Gas Services Limited (continued)

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 the other information, we are required to report that fact.

We have nothing to report in this regard.

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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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.

Independent Auditor's report to the members of Premier Oil Gas Services Limited (continued)

Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (the Companies Act 2006 and FRS 101 "Reduced Disclosure Framework") and the relevant tax compliance regulations in the jurisdictions in which the company operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements, including those relating to health and safety, employee matters, environmental, and bribery and corruption practices;
- We understood how the company is complying with those frameworks by making enquiries of management, legal counsel and the Company Secretary. We corroborated the results of our enquiries through our review of Board minutes and correspondence received from regulatory bodies and noted that there was no contradictory evidence;
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur by considering the degree of incentive, opportunity and rationalisation that may exist to perform fraud. Where fraud risks were identified, we applied journal entry selection criteria to identify journals that were considered unusual or indicative of potential fraud before tracing such transactions back to source information in order to test their validity and appropriateness; and
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing of journal entries, with a focus on journals indicating large or unusual transactions or meeting our defined risk criteria based on our understanding of the business, enquiries of management and the directors and review of legal correspondence. For journals selected we understood the nature and purpose of the journal, traced adjustments back to source documentation and tested that the journal had been authorised in line with company policy. Based on the results of our audit procedures, there were no significant instances of non-compliance with laws and regulations identified.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Independent Auditor's report to the members of Premier Oil Gas Services Limited (continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Ernst & Young LLP
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Andrew Smyth (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London, United Kingdom
27 September 2023

Premier Oil and Gas Services Limited

Income Statement

For the year ended 31 December

	<i>Note</i>	2022 £000	2021 £000
Revenue	3	50,691	45,605
Cost of Sales		(49,075)	(43,737)
Gross profit		1,616	1,868
Net operating expenditure		(761)	(1,355)
Operating profit	4	855	513
Expected credit loss movement	11	7	480
Profit before interest and taxation		862	993
Finance income	7	-	343
Finance expense	7	(290)	(377)
Profit before taxation		572	959
Tax expense	8	(468)	(396)
Profit for the financial year		104	563

There were no other items of comprehensive income or expense other than a profit of £104,000 (2021: £563,000). Accordingly, no statement of total comprehensive income has been presented.

The notes on pages 14 to 24 form part of these financial statements.

Premier Oil and Gas Services Limited

Balance Sheet

As at 31 December

		2022	2021
	Note	£000	£000
Non-current assets			
Intangible assets	9	2,477	-
Tangible assets	10	2,017	3,172
Debtors: amounts falling due after one year	11	9,056	5,104
Total non-current assets		13,550	8,276
Current assets			
Debtors: amounts falling due within one year	11	14,384	15,513
Total current assets		14,384	15,513
Total assets		27,934	23,789
Current liabilities			
Creditors: amounts falling due within one year	12	(19,476)	(14,352)
Total current liabilities		(19,476)	(14,352)
Non-current liabilities			
Creditors: amounts falling due after more than one year	13	(914)	(1,997)
Total liabilities		(20,390)	(16,349)
Net assets		7,544	7,440
Capital and reserves			
Called up share capital	14	15,000	15,000
Accumulated losses		(7,456)	(7,560)
Total equity		7,544	7,440

The notes on pages 14 to 24 form part of these financial statements.

The financial statements on pages 11 to 24 were approved by the Board of Directors on 27 September 2023 and signed on its behalf by:

DocuSigned by:

 CD20FB85420F481...

Alexander Krane (Director)

Company Registration No: 03468792

Premier Oil and Gas Services Limited

Statement of Changes in Equity

For the year ended 31 December

	<i>Share capital</i> £000	<i>Accumulated losses</i> £000	<i>Total equity</i> £000
At 1 January 2021	15,000	(8,123)	6,877
Profit for the financial year	-	563	563
At 31 December 2021	15,000	(7,560)	7,440
Profit for the financial year	-	104	104
At 31 December 2022	15,000	(7,456)	7,544

Premier Oil and Gas Services Limited

Notes to the Financial Statements

For the year ended 31 December 2022

1. Authorisation of Financial Statements

The financial statements of the company for the year ended 31 December 2022 were authorised for issue by the board of directors on the 27 September 2023 and the balance sheet was signed on the board's behalf by Alexander Krane.

The company is a private company limited by share capital, incorporated and domiciled in the United Kingdom. The company's principal place of business is London, United Kingdom and its registered office is 23 Lower Belgrave Street, London, SW1W 0NR. The principal activity of the company is the provision of support services to group companies in the oil and gas industry.

These financial statements are separate financial statements. The company is a subsidiary of Harbour Energy plc. The group financial statements of Harbour Energy plc for the year ended 31 December 2022 are available to the public and can be obtained from 23 Lower Belgrave Street, London, SW1W 0NR or on the company website www.harbourenergy.com. The registered office address of the parent company preparing consolidated financial statements is 4th Floor, Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EN.

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting Policies

Basis of Preparation

The financial statements are prepared under the historical cost convention, except for certain financial assets and liabilities which have been measured at fair value, and are in accordance with The Companies Act 2006, as applicable to companies using Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101). The financial statements are presented in Pound Sterling.

The accounting policies which follow, set out those policies which apply in preparing the financial statements for the year ended 31 December 2022 under FRS 101. All accounting policies have been applied consistently, other than where new policies have been adopted. The Company has taken advantage of the following disclosure exemptions under FRS 101:

- i. the requirements of IFRS 7 *Financial Instruments: Disclosures*
- ii. the requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*
- iii. the requirement in paragraph 38 of IAS 1 '*Presentation of Financial Statements*' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1
 - (ii) paragraph 73(e) of IAS 16 *Property, Plant and Equipment*; and
 - (iii) paragraph 118(e) of IAS 38 *Intangible Assets*
- iv. the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 *Presentation of Financial Statements*
- v. the requirements of IAS 7 *Statement of Cash Flows*
- vi. the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*
- vii. the requirements of paragraph 17 and 18A of IAS 24 *Related Party Disclosures*; the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member; and
- viii. the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets*.

Premier Oil and Gas Services Limited

Notes to the Financial Statements

For the year ended 31 December 2022 (continued)

Going Concern

The directors have adopted the going concern basis of accounting for the preparation of the financial statements as the Company's ultimate parent company, Harbour Energy plc, has undertaken to directly provide the necessary financial support to the Company, as and when required, to meet all liabilities for a period of 12 months from the date of signing these financial statements. In making their assessment of going concern, the directors have considered the letter of support from Harbour Energy plc and are confident that it has adequate resources to support the Company for 12 months from the date of signing these financial statements.

Foreign Currency Translation

The Company's functional currency and presentation currency is Pounds sterling.

Transactions recorded in foreign currencies are initially recorded in the Company's functional currency by applying an average rate of exchange. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the income statement. Non-monetary assets and liabilities denominated in foreign currencies are measured at historic cost based on exchange rates at the date of the transaction and subsequently not retranslated.

Tangible Assets

The tangible fixed assets of the company relate to office fixtures and fittings and office equipment (non-oil and gas property, plant and equipment). Tangible fixed assets are stated at cost, net of depreciation and provision for impairment. Depreciation is calculated on the cost of fixed assets and is charged on a straight-line basis so as to write down each asset over its expected working life. These assets are depreciated over their estimated useful lives of between three and ten years.

Intangible assets

Intangible assets, which principally comprise IT software, are carried at cost less any accumulated amortisation. These assets are amortised on a straight-line basis over their useful economic lives of up to ten years.

Financial Instruments

a. Financial Assets

The Company uses two criteria to determine the classification of financial assets: The Company's business model and contractual cash flow characteristics of the financial assets. Where appropriate the Company identifies three categories of financial assets: amortised cost, fair value through profit or loss (FVTPL), and fair value through other comprehensive income (FVOCI).

Financial assets held at amortised cost

Financial assets held at amortised cost are initially measured at fair value except for trade debtors which are initially measured at cost. Both are subsequently carried at amortised cost using the effective interest rate (EIR) method, less impairment. The EIR amortisation is presented within finance income in the income statement.

Loans Receivable

Loans and receivables are initially measured at fair value and subsequently carried at amortised cost using the effective interest rate method (EIR), less impairment. The EIR amortisation is presented in within finance income in the income statement.

Cash and Cash Equivalents

Cash at bank and in hand in the balance sheet comprise cash deposits with banks and in hand.

Premier Oil and Gas Services Limited

Notes to the Financial Statements

For the year ended 31 December 2022 (continued)

Impairment of Financial Assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

Default events could include:

- payment default i.e. the payment to principal or interest when it falls due for payment;
- prospective default, when a payment is not yet due but it is clear that it will not be capable of being paid when it falls due.

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Provision rates are calculated based on estimates including the probability of default by assessing counterparty credit ratings, as adjusted for forward-looking factors specific to the debtors and the economic environment and the Group's historical credit loss experience.

Credit Impaired Financial Assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer
- a breach of contract such as default or past due event
- the restructuring of a loan or advance by the Company on terms that the Company would otherwise not consider
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation, or
- the disappearance of an active market for a security because of financial difficulties

b. Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Borrowings and Loans

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original

Premier Oil and Gas Services Limited

Notes to the Financial Statements

For the year ended 31 December 2022 (continued)

liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

c. Fair Values

The fair value of financial instruments that are traded in active markets at the reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques.

Share Capital

Share capital includes the total net proceeds, both nominal and share premium, on the issue of ordinary shares of the company.

Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the lease term or useful life. The company recognises right-of-use assets and lease liabilities on a gross basis and the recovery of lease costs from joint operations' partners is recorded as other income.

Right-of-use assets and lease liabilities arising from a lease are initially measured on a present value basis reflecting the net present value of the fixed lease payments and amounts expected to be payable by the Company assuming leases run to full term. The company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the company is reasonably certain to exercise such options impacts the lease term, which significantly impacts the amount of lease liabilities and right-of-use assets recognised.

The lease payments were discounted using the company's incremental borrowing rate of 8.7 per cent, being the rates that the company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial direct costs and restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less

Premier Oil and Gas Services Limited

Notes to the Financial Statements

For the year ended 31 December 2022 (continued)

Taxes

i. Current Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax related to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or directly in equity not in the income statement.

ii. Deferred Tax

Deferred taxation is recognised in respect of all timing differences arising between the tax bases of the assets and liabilities and their carrying amounts in the financial statements with the following exceptions:

- Deferred income tax assets are recognised only to the extent that it is probable that the taxable profit will be available against which the deductible temporary difference, carried forward tax credits or tax losses can be utilised.
- Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised, or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date. The carrying amount of the deferred income tax asset is reviewed at each balance sheet date.
- Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to be offset current assets against current tax liabilities, the deferred income tax relates to the same tax authority and that same tax authority permits the Company to make a single net payment.

Interest income

Interest income is recognised on an accruals basis, by reference to the principal outstanding and at the effective interest rate method.

New Accounting Standards and Interpretations

In the current year the following new and revised Standards and Interpretations have been adopted, these have no material impact on the Company's annual results.

- *Amendments to IFRS 3 - Reference to the Conceptual Framework*
- *IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities*

Accounting Standards Issued But Not Yet Effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below (and as detailed in the Group Report). The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- *Amendments to IAS 1, Presentation of Financial Statements - classification of liabilities as current or non-current*
- *Amendments to IAS 8 - Definition of Accounting Estimates*
- *Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies*
- *Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments listed above are not expected to have a material impact on the Company.

Premier Oil and Gas Services Limited

Notes to the Financial Statements

For the year ended 31 December 2022 (continued)

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services rendered in the normal course of business net of discounts and sales related taxes.

Revenue from services rendered is recognised when services are provided.

Critical Accounting Judgements and Estimates

The preparation of the Company's financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

In the director's opinion there are no critical judgements and the following key sources of estimation uncertainty have been identified that have a significant effect on the amounts recognised in the financial statements.

3. Revenue

Revenue represents the provision of services, net of trade discounts and VAT, contracted in the UK. All Revenue originates in the UK.

4. Operating Profit

This is stated after charging/(crediting):

	2022 £000	2021 £000
Depreciation of tangible fixed assets	397	657
Amortisation of intangible fixed assets	208	-
Depreciation of right-of-use assets	780	781
Foreign exchange gains	(624)	(83)

5. Auditor's Remuneration

The audit fee was borne by the ultimate parent company in the current year without recharge. There have been no non-audit fees charged in the current year or prior period.

6. Staff Cost and Directors' Remuneration

The company employed no staff during the year (2021: none). All contracts of employment are held with the ultimate parent company or with other group companies.

The directors received no remuneration for their services to the company in the current or preceding year as salaries are paid by the ultimate parent company or other group companies. The company's directors believe that it is not practicable to apportion their remuneration between qualifying services for the company and other group companies in which they hold office.

Premier Oil and Gas Services Limited

Notes to the Financial Statements

For the year ended 31 December 2022 (continued)

7. Finance Income and Finance Expenses

	2022 £000	2021 £000
Finance income		
Interest receivable on a loan to the immediate parent company	-	343
Finance expenses		
Lease interest payable	(284)	(365)
Bank interest payable and similar charges	(6)	(12)
	(290)	(377)
Net finance expense	(290)	(34)

8. Tax**(a) Tax charge in the income statement**

	2022 £'000	2021 £'000
Current income tax expense:		
UK corporation tax	44	158
Amounts (over)/under provided in previous year	424	-
Total current income tax charge	468	158
Deferred tax:		
Origination and reversal of temporary difference	-	238
Total deferred tax charge	-	238
Total tax charge in the income statement	468	396

Changes in tax rate

Legislation was introduced in the UK Finance Act 2021 to increase the main rate of UK corporation tax for non-ring fence profits from 19 per cent to 25 per cent from 1 April 2023. This is not expected to have a material impact on the company.

Premier Oil and Gas Services Limited

Notes to the Financial Statements

For the year ended 31 December 2022 (continued)

(b) Reconciliation of the total tax charge

Reconciliation between tax charge and the accounting profit multiplied by the UK standard rate of corporation tax for UK ring-fence companies is as follows:

	2022 £'000	2021 £'000
Profit before taxation	572	959
Tax calculated at UK standard rate of corporation tax of 19% (2021: 19%)	109	182
Effects of:		
Items not allowable for tax purposes/not taxable	-	(8)
Deferred tax not recognised	(64)	222
Amounts under/(over) provided in prior periods	423	-
Total tax charge reported in the income statement	468	396

(c) Deferred tax included in the balance sheet is as follows:

	£'000
01 January 2022	-
Deferred tax (credit)/charge	-
31 December 2022	-

The company had a potential deferred tax asset at 31 December 2022 of £599,435 (2021: £391,742) in respect of tax losses arising on non-trading items. No deferred tax asset is recognised as insufficient taxable profits are expected to arise in the future against which the deferred tax asset could reverse. These losses have no fixed expiry date.

Premier Oil and Gas Services Limited

Notes to the Financial Statements

For the year ended 31 December 2022 (continued)

9. Intangible Assets

	<i>Total</i> £000
Cost:	
At 1 January 2022	-
Additions	2,685
At 31 December 2022	<u>2,685</u>
Accumulated Amortisation:	
At 1 January 2022	-
Charge for the year	208
At 31 December 2022	<u>208</u>
Net book value:	
At 31 December 2022	<u>2,477</u>
At 31 December 2021	<u>-</u>

10. Tangible Assets

	<i>Office fixtures and fittings</i> £000	<i>Right-of-Use Asset</i> £000	<i>Total</i> £000
Cost:			
At 1 January 2022	4,646	4,468	9,114
Additions	22	-	22
At 31 December 2022	<u>4,668</u>	<u>4,468</u>	<u>9,136</u>
Accumulated Depreciation:			
At 1 January 2022	3,648	2,294	5,942
Charge for the year	397	780	1,177
At 31 December 2022	<u>4,045</u>	<u>3,074</u>	<u>7,119</u>
Net book value:			
At 31 December 2022	<u>623</u>	<u>1,394</u>	<u>2,017</u>
At 31 December 2021	<u>998</u>	<u>2,174</u>	<u>3,172</u>

Premier Oil and Gas Services Limited

Notes to the Financial Statements

For the year ended 31 December 2022 (continued)

11. Debtors

	2022	2021
	£000	£000
<i>Amounts falling due after one year</i>		
Amounts owed by the immediate parent company*	9,056	5,104
<i>Amounts falling due within one year</i>		
Trade debtors	6,362	8,616
Amounts owed by other group companies**	3,728	3,320
Other debtors	119	28
VAT and other tax receivable	1,275	264
Prepayments	2,900	3,285
	<u>14,384</u>	<u>15,513</u>

* Amounts owed by the immediate parent company comprise a loan denominated in pounds sterling. Following a review of the terms of the loan no interest was applied to the outstanding balance, effective from 1 January 2022. In the prior year this loan was interest bearing at a rate of LIBOR plus 6.45 per cent to 31 March 2021 and then 3.65 per cent thereafter.

**Amounts owed by other group companies are classified as current because the loan can be called for repayment at any time.

Amounts owed by the immediate parent company and other group companies include an impairment provision of £45,000 (2021: £52,000) as required under IFRS 9 and was calculated using 12 month expected credit losses (ECL). The movement in the ECL has resulted in a 7,000 credit (2021: £480,000 credit) to the income statement.

12. Creditors: Amounts falling due within one year

	2022	2021
	£000	£000
Trade creditors	174	751
Amounts owed to other group companies	5,629	3,992
Lease liability (note 13)	1,083	954
Social security and other taxes	501	2,256
Accrued expenses	12,089	6,399
	<u>19,476</u>	<u>14,352</u>

Amounts owed to other group companies are classified as current because the loans can be called for repayment at any time.

Premier Oil and Gas Services Limited

Notes to the Financial Statements

For the year ended 31 December 2022 (continued)

13. Lease Liabilities

	2022	2021
	£000	£000
At 1 January	2,951	3,404
Finance costs	284	365
Remeasurement	-	-
Cash outflows for lease arrangements	(1,238)	(818)
At 31 December	<u>1,997</u>	<u>2,951</u>

Classified as:

Short-term (note 12)	1,083	954
Non-current	914	1,997

Expenses related to both short-term and low value lease arrangements are considered to be immaterial for reporting purposes. During the period there were no variable lease costs. Lease liabilities have been classified as either short-term or non-current in the balance sheet according to whether they are expected to be settled within 12 months of the balance sheet date.

The lease liability represents the lease arrangement for the office premises. The lease liability, and associated right-of-use-asset have been calculated by reference to in-substance fixed lease payments in the underlying agreements incurred throughout the non-cancellable period of the lease along with periods covered by options to extend the lease where the company is reasonably certain that such options will be exercised.

14. Called Up Share Capital

	2022	2021	2022	2021
<i>Allotted, called up and fully paid</i>	<i>No.000</i>	<i>No.000</i>	<i>£000</i>	<i>£000</i>
Ordinary shares of £1 each	15,000	15,000	<u>15,000</u>	<u>15,000</u>

15. Ultimate Parent Undertaking and Controlling Party

The company's immediate parent is Premier Oil Holdings Limited. The ultimate and controlling parent is Harbour Energy plc, a company incorporated and registered in Great Britain and registered in Scotland. Harbour Energy plc is the parent undertaking of the largest and smallest group of which the company is a member and for which group financial statements are prepared. Copies of these group financial statements are available upon request from 23 Lower Belgrave Street, London, SW1W 0NR.