Registration number: 04560068

EnQuest Progress Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022

EnQuest Progress Limited

Officers and other information

Directors
A Talpur
I Wood

Company secretary
D Ahmed

Auditors
Deloitte LLP
2 New Street Square
London
EC4A 3BZ
United Kingdom

Registered office
Charles House
2nd Floor
5-11 Regent Street
London
SW1Y 4LR
United Kingdom

Directors' Report for the Year Ended 31 December 2022

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

Principal activities
The principal activity of EnQuest Progress Limited (the 'Company') is an operating company involved in the appraisal and development of oil resources in the UK North Sea. The Company considers this activity to be currently the only operating segment. The Company's principal asset is the Bentley field; a heavy oil field located in the Northern North Sea.

Results
The profit for the year, after taxation was $609,000 (2021: $3,285,000 loss).

Directors' of the Company
The Directors, who held office during the year and to the date of this report, except as noted, were as follows:

S Malik (resigned 15 August 2022)
M Mentiply (resigned 29 September 2023)
A Steele (resigned 7 October 2022)
A Talpur
I Wood (appointed 30 November 2022)

On 2 September 2022, K Christ resigned as company secretary and D Ahmed was appointed.

Directors indemnity provisions
The Company indemnifies the Directors to the extent allowed under Section 232 of the Companies Act (2006). Such qualifying third party indemnity provisions for the benefit of the company's Directors remain in force at the date of this report.

Going concern
The Company requires support from EnQuest PLC, the parent company, to provide or procure sufficient funds as and when necessary to allow the Company to continue its operations for the going concern period, being 12 months from the approval of these accounts. As part of assessing the going concern basis of preparation for the Company, the ability and intent of the EnQuest Group to support the Company under a base case and a downside case has been taken into consideration, including the receipt of a binding letter of support from the ultimate parent company.

The Directors have considered the binding letter of support received from the ultimate parent company, the EnQuest Group's refinancing in August 2023 and its revised debt maturity profile, the EnQuest Group's strong cash flows and a range of plausible sensitivities. Having made appropriate enquiries, the Directors have concluded that the Company will be able to meet its liabilities as they fall due for a period of at least 12 months from the date of this report and have therefore concluded that the going concern basis of accounting is appropriate.

Geo-political events
2022 saw another dramatic change in the global geopolitical landscape with the unfolding tragedy in Ukraine. As a responsible Company, the Directors reviewed its commercial arrangements and do not consider it has any adverse exposure to the situation. The Company will continue to monitor its position to ensure it remains compliant with and supports any sanctions in place.

Future developments
The Directors continue to assess the appraisal and development of oil resources in the UK North Sea.

Financial risk management

The Company's activities expose it to various financial risks particularly associated with liquidity risk and credit risk. Management reviews and agrees policies for managing each of these risks, which are summarised below.

Credit risk

Credit risk in financial instruments arises from cash and cash equivalents and Group receivables where the Company's exposure arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity risk

The Company relies on intercompany working capital facilities to fund its day-to-day cash flow requirements. Management monitors funding and liquidity and ensures the availability of required liquidity through Group level cash management. The Company is not significantly exposed to liquidity risk as it receives financial support from its parent to meet its ongoing commitments as they arise.

Disclosure of information to the auditors

Each of the persons who is a Director 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 Company's auditors are unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The confirmation is given and should be interpreted in accordance with the provision of Section 418 of the Companies Act 2006.

Auditors

In accordance with Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

Small companies provision statement

The Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Approved by the Board on 13 October 2023 and signed on its behalf by:

I Wood
Director

EnQuest Progress Limited

Directors' responsibilities statement

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards 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.

EnQuest Progress Limited

Independent Auditor's Report to the Members of EnQuest Progress Limited

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of EnQuest Progress Limited (the 'Company'):

- give a true and fair view of the state 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, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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.

Independent Auditor's Report to the Members of EnQuest Progress Limited

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.

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.

EnQuest Progress Limited

Independent Auditor's Report to the Members of EnQuest Progress Limited

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, internal audit and the Directors about their own identification and assessment of the risks of irregularities, including those that are specific to the Company's business sector.

We obtained an understanding of the legal and regulatory framework 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 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. These included terms of the field licences monitored by the Industry Regulator and local health and safety and environmental laws and regulations, and anti-bribery and corruption legislation.

We discussed among the audit engagement team including relevant internal specialists such as tax and IT 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, internal audit 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 and reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has 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 Directors' report.

EnQuest Progress Limited

Independent Auditor's Report to the Members of EnQuest Progress Limited

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; or
- the Directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' report and from the requirement to prepare a strategic report

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.

James Leigh FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor

London, United Kingdom

13 October 2023

EnQuest Progress Limited

Profit and loss account for the Year Ended 31 December 2022

	Note	2022 $ 000	2021 $ 000
General and administrative expenses	3	-	(1,996)
Other income/(expenses)	4	47	(27)
Operating profit/(loss)	5	47	(2,023)
Interest payable and similar charges	7	-	(1,262)
Profit/(loss) before tax		47	(3,285)
Taxation	8	562	-
Profit/(loss) for the financial year attributable to the owners of the company		609	(3,285)

The notes on pages 12 to 19 form an integral part of these financial statements.

Operating profit/(loss) is derived from continuing operations.

A Statement of Comprehensive Income is not presented as there is no other comprehensive income other than the results for each financial year.

EnQuest Progress Limited

Statement of Financial Position as at 31 December 2022

	Note	2022 $ 000	2021 $ 000
Non-current assets			
Intangible assets	9	**4,610**	3,130
Trade and other receivables	11	**562**	-
Total non-current assets		**5,172**	3,130
Current assets			
Cash and cash equivalents	10	**3**	3
Total current assets		**3**	3
Total assets		**5,175**	3,133
Current liabilities			
Trade and other payables	12	**(2,811)**	(1,378)
Total current liabilities		**(2,811)**	(1,378)
Net current liabilities		**(2,808)**	(1,375)
Total assets less current liabilities		**2,364**	1,755
Net assets		**2,364**	1,755
Equity			
Called up share capital	13	**85**	85
Profit and loss account	14	**(166,455)**	(167,064)
Capital contribution reserve	14	**168,130**	168,130
Translation reserve	14	**604**	604
Equity attributable to owners of the Company		**2,364**	1,755

The notes on pages 12 to 19 form an integral part of these financial statements.

The financial statements of EnQuest Progress Limited, registered number 04560068, were approved by the Board on 13 October 2023 and signed on its behalf by:

....

I Wood

Director

EnQuest Progress Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital $ 000	Profit and loss account $ 000	Capital Contribution Reserve $ 000	Translation Reserve $ 000	Total $ 000
At 1 January 2021	85	(163,779)	-	604	(163,090)
Capital Contribution	-	-	168,130	-	168,130
Loss for the year	-	(3,285)	-	-	(3,285)
Total comprehensive expense for the year	-	(3,285)	-	-	(3,285)
At 31 December 2021	85	(167,064)	168,130	604	1,755

	Share capital $ 000	Profit and loss account $ 000	Capital Contribution Reserve $ 000	Translation Reserve $ 000	Total $ 000
At 1 January 2022	85	(167,064)	168,130	604	1,755
Profit for the year	-	609	-	-	609
Total comprehensive income for the year	-	609	-	-	609
At 31 December 2022	**85**	**(166,455)**	**168,130**	**604**	**2,364**

The notes on pages 12 to 19 form an integral part of these financial statements.

EnQuest Progress Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information and statement of compliance

The financial statements of EnQuest Progress Limited for the year ended 31 December 2022 were authorised for issue by the Board of Directors on 13 October 2023 and the statement of financial position was signed on the Board's behalf by I Wood. The Company is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of its registered office is Charles House, 2nd Floor, 5-11 Regent Street, London, SW1Y 4LR, United Kingdom.

The nature of the Company's operations and its principal activities are set out on the Directors Report on page 2. These financial statements were prepared in accordance with Financial Reporting Standards 101 Reduced Disclosure Framework ('FRS 101') and in accordance with the provisions of the Companies Act 2006.

2 Accounting policies, judgements and estimates

Basis of preparation

The financial statements have been prepared in accordance with FRS 101. These financial statements have been prepared under the historical cost convention as modified by financial instruments recognised at fair value and are presented in United States dollars (USD), which is the functional currency of the Company. All values in the financial statements are rounded to the nearest $'000 except where otherwise stated.

The Company has taken advantage of the following disclosure exemption under FRS 101:
a) the requirement of IFRS 7 Financial Instruments: Disclosures;
b) the requirement of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: paragraph 79(a)(iv) of IAS 1, paragraph 73(e) of IAS 16 Property, Plant and Equipment and paragraph 118(e) of IAS 38 Intangibles;
d) 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;
e) the requirements of IAS 7 Statement of Cash Flows;
f) the requirements of paragraph 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
g) the requirement of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
h) 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
i) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

Where required, equivalent disclosures are given in the Group financial statements of EnQuest PLC, which are publicly available and can be obtained as set out in note 14.

Going concern

The Company requires support from EnQuest PLC, the parent company, to provide or procure sufficient funds as and where necessary to allow the Company to continue its operations for the going concern period. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next 12 months from the date these financial statements were approved and the financial statements have therefore been prepared under the going concern basis.

For further detail on the Directors' going concern assessment, please refer to the Directors' report on page 2.

2 Accounting policies, judgements and estimates (continued)

New standards and interpretations

The following new standards became applicable for the current reporting period. No material impact was recognised upon application:

- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Property, Plant and Equipment – Proceeds before intended use (Amendment to IAS 16)
- Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual improvements to IFRS Accounting Standards 2018-2020 Cycle

Critical accounting judgements and key sources of estimation uncertainty

In applying the accounting policies used in preparing the financial statements, the Directors have considered whether there are any critical accounting judgements and/or key sources of estimation uncertainty which have the most significant effect on the amounts recognised in the financial statements or create a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. No such items have been identified.

Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Foreign currencies

Transactions in currencies other than the Company's functional currency are recorded at the prevailing rate of exchange on the date of the transaction. At the year end, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange prevailing at the statement of financial position date. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated using the rate of exchange as at the dates of the initial transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using the rate of exchange at the date the fair value was determined. All foreign exchange gains and losses are taken to the profit and loss account.

Intangible oil and gas assets

Exploration and appraisal assets have indefinite useful lives and are accounted for using the successful efforts method of accounting. Pre-licence costs are expensed in the period in which they are incurred. Expenditure directly associated with exploration, evaluation or appraisal activities is initially capitalised as an intangible asset. Such costs include the costs of acquiring an interest, appraisal well drilling costs, payments to contractors and an appropriate share of directly attributable overheads incurred during the evaluation phase. For such appraisal activity, which may require drilling of further wells, costs continue to be carried as an asset whilst related hydrocarbons are considered capable of commercial development. Such costs are subject to technical, commercial and management review to confirm the continued intent to develop, or otherwise extract value. When this is no longer the case, the costs are written off as E & A expenses in the income statement. When exploration licences are relinquished without further development, any previous impairment loss is reversed and the carrying costs are written off through the income statement. When assets are declared part of a commercial development, related costs are transferred to property, plant and equipment. Intangible oil and gas assets are assessed for any impairment prior to transfer and any impairment loss is recognised in the income statement.

2 Accounting policies, judgements and estimates (continued)

Impairment of intangible assets
If, and when, facts and circumstances indicate that the carrying value of the E & A asset may exceed its recoverable amount an impairment review is performed. Impairment tests are performed when indicators, as described in IFRS 6, are identified. Such indicators may include offers for the Company's assets as part of a marketing process at a value below the Company's current carrying value, a lack of development funding or a short remaining term on an oilfield licence. If such indicators are identified, an impairment review is carried out by identifying groups of assets, within the E & A asset, which together form the Cash Generating Unit ('CGU') and comparing the carrying value of the CGU with its recoverable amount and any resulting impairment loss is written off to the income Statement. The recoverable amount of the CGU is determined as the higher of its fair value less costs to sell, and its value in use. Impairment charges or reversals may be reversed in future periods if future recoverable amount assessments determine that impairment charges or the reversal of historic impairments are no longer appropriate.

Leases
Rental premiums relating to short-term leases are charged to the Income Statement or capitalised within E & A assets depending upon the nature of the lease on a straight-line basis over the term of the lease. Reverse premiums or other such incentives to enter into short-term lease agreements are released to the Income Statement or as a credit to E & A assets over the lease term.

Financial assets
Financial assets are classified, at initial recognition as amortised cost, fair value through other comprehensive income ('FVOCI'), or fair value through profit or loss ('FVPL'). The classification of financial assets at initial recognition depends on the financial assets' contractual cash flow characteristics and the Company's business model for managing them. The Company does not currently hold any financial assets at FVCOI i.e. debt financial assets.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

Cash and cash equivalents
Cash and cash equivalents includes cash at bank, cash in hand, outstanding bank overdrafts and highly liquid interest-bearing securities with original maturities of three months or less.

Financial liabilities
Financial liabilities are classified, at initial recognition, as amortised cost or at fair value through profit or loss. Financial liabilities are derecognised when they are extinguished, discharged, cancelled or they expire.

Financial liabilities at amortised cost
Loans and borrowings, trade payables and other creditors are measured initially at fair value net of directly attributable transaction costs and subsequently recorded at amortised cost.

Taxes
The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except where a change attributable to an item of income or expense is recognised as other comprehensive income, in which case, the tax is also recognised directly in other comprehensive income.

Current tax, including UK corporation 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 statement of financial position date.

2 Accounting policies, judgements and estimates (continued)

Deferred taxes

Deferred tax is provided in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is measured on an undiscounted basis using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date. Deferred income tax assets and liabilities are offset only if a legal right exists to offset current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Energy Profits Levy

On 14 July 2022, the Energy (Oil & Gas) Profits Levy Act 2022 ('EPL') was enacted in the UK and applies an additional tax of 25% on the profits earned by oil and gas companies from the production of oil and gas on the United Kingdom Continental Shelf. The EPL will increase to a rate of 35% from 25% with effect from 1 January 2023. The increase in rate was substantively enacted on 30 November 2022. The end date was also extended from 31 December 2025 to 31 March 2028.

Finance costs

All finance costs are recognised in the profit and loss account in the period in which they are incurred.

Share capital

The balance classified as equity share capital includes the total net proceeds (nominal value) on issue of registered share capital of the parent company. Share issue costs associated with the issuance of new equity are treated as a direct reduction of proceeds. The share capital comprises only one class of Ordinary share. Each Ordinary share carries an equal voting right and right to a dividend.

EnQuest Progress Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

3 General and administrative expenses

	2022 $ 000	2021 $ 000
Outside services	-	867
Staff costs	-	1,094
Other	-	35
	-	1,996

4 Other (income) / expenses

	2022 $ 000	2021 $ 000
Loss on disposal of fixed assets	-	7
Foreign exchange (gains)/losses	(47)	5
Other expenses	-	15
	(47)	27

5 Operating profit/(loss)

This is stated after charging/(crediting):

	2022 $ 000	2021 $ 000
Loss on disposal of fixed assets (note 4)	-	7
Foreign exchange (gains)/losses	(47)	5

Audit fees of $12,000 (2021: $12.000) were paid on behalf of the Company by EnQuest Britain Limited, a fellow subsidiary entity, in relation to auditing of the financial statements. There were no fees paid in relation to non-audit services.

6 Employees and Directors' remuneration

No staff were employed by the Company during the year (2021: 1) therefore no direct staff costs were incurred in 2022.

The emoluments of the Directors are not paid to them in their capacity as Directors of the Company and are payable for services wholly attributable to other EnQuest PLC subsidiary undertakings. Accordingly, no details in respect of their emoluments have been included in these financial statements.

The average number of persons employed by the Company (including Directors) during the year was as follows:

	2022	2021
Technical and administration	-	1

The aggregate payroll costs of staff and Directors were as follows:

	2022 $ 000	2021 $ 000
Wages and salaries	-	850
Social security costs	-	116
Company defined contribution pension charges	-	9
Compensation for loss of office	-	119
	-	1,094

EnQuest Progress Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

6 Employees and Directors' remuneration (continued)

b) Directors' emoluments

	2022 $ 000	2021 $ 000
Wages and salaries	-	467
Social security costs	-	56
	-	523

For 2021, the Director was not a member of the Company's defined benefit pension scheme.

7 Interest payable and similar charges

	2022 $ 000	2021 $ 000
Loan note interest	-	1,249
Other financial expenses	-	13
	-	1,262

8 Taxation

(a) Tax on profit/(loss)

Tax charged in the profit and loss account is made up as follows:

	2022 £ 000	2021 £ 000
Current income taxation:		
Group relief recoverable	(319)	-
UK Energy Profits Levy	(243)	-
	(562)	-

The tax on profit/(loss) before tax for the year is different than the standard rate of corporation tax in the UK of 40% (2021: 40%).

(b) Factors affecting the tax credit for the period

	2022 $ 000	2021 $ 000
Profit/(loss) before tax	47	(3,285)
Profit/(loss) at standard rate of corporation tax	19	(1,314)
Ring-fence expenditure supplement claim	(38,440)	(38,468)
Tax losses not recognised	38,102	39,782
UK Energy Profits Levy	(243)	-
Total tax credit for the year	(562)	-

8 Taxation (continued)

(c) Deferred tax

The deferred tax liability of $1,748,000 (2021: $1,156,000) arising on accelerated capital allowances has been fully offset by a deferred tax asset of $1,748,000 (2021: $1,156,000), resulting in a net deferred tax balance of $nil. A further deferred tax asset arising on tax losses of $421,098,000 (2021: $421,994,000) remains unrecognised. The Company will not recognise deferred tax assets until such time as the Company achieves sustained commercial production from its oilfield assets and the utilisation of the related losses is probable.

Factors that may affect future tax charges

The Finance Act 2021 enacted an increase in the mainstream corporation tax rate from 19% to 25% with effect from 1 April 2023. There is no impact in 2022 resulting from this change.

9 Intangible Assets

	Exploration and appraisal costs
Cost	$ 000
At 1 January 2022	**503,939**
Additions	1,480
At 31 December 2022	**505,419**
Accumulated depreciation and impairment	
At 1 January 2022 and 31 December 2022	**(500,809)**
Net Book Value	
At 31 December 2022	**4,610**
At 31 December 2021	3,130

10 Cash and cash equivalents

The carrying value of the Company's cash and cash equivalents is considered to be a reasonable approximation to their fair value due to their short-term maturities.

11 Trade and other receivables

Amounts falling due after one year:

	2022	2021
	$ 000	$ 000
Amounts owed from Group undertakings	**562**	-

12 Trade and other payables

Current liabilities:

	2022 $ 000	2021 $ 000
Amounts owed to Group undertakings	2,811	8
Accruals and other payables	-	1,370
	2,811	1,378

Amounts due to Group undertakings are unsecured, interest free, have no fixed date of repayment and are therefore classified as amounts falling due within a year of the statement of financial position date.

13 Authorised, issued and fully paid shares

	2022 $ 000	2021 $ 000
50,000 Ordinary shares of £1 each	85	85

14 Reserves

Profit and loss account
Profit and loss account contain the accumulated profits/(losses) of the Company.

Other reserves
The translation reserve represents the cumulative exchange differences that arose on the historical translation of functional to presentational currency.

Capital contribution reserves
As part of the acquisition by EnQuest Heather Limited in 2021, the Company was sold on a cash, liability and debt free basis. Whalsay Energy Holdings Limited agreed to release the Company from its intercompany financial obligations with the netting off of the intercompany receivable balance against the intercompany loan payable. The capital contribution reserve was created by the resultant gain.

15 Controlling parties

The Company's immediate parent is EnQuest Heather Limited.

The ultimate parent company and controlling party which heads the largest and only group in which the results of the Company are consolidated is EnQuest PLC. Copies of these financial statements can be obtained from 2nd Floor, Charles House, 5-11 Regent Street, London SW1Y 4LR.