

# **NP Weald Limited**

REGISTERED NO 04991234

**Annual Report & Accounts**  
For the year ended 31 December 2012

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# **NP Weald Limited**

## **Directors and Advisers**

### **DIRECTORS**

K R Bush

G L Heard

N T Morgan

### **REGISTERED OFFICE**

Martin House

5 Martin Lane

London EC4R 0DP

Telephone 020 7469 2900

Facsimile 020 7469 2901

E-mail [info@northpet.com](mailto:info@northpet.com)

### **REGISTERED NO**

04991234

### **INDEPENDENT AUDITOR**

KPMG Audit Plc

15 Canada Square

London E14 5GL

# **NP Weald Limited**

## **Directors' Report**

The Directors present their report together with the accounts for the year ended 31 December 2012

### **PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The Company's principal activity is the investment in onshore oil and gas development and production opportunities in the United Kingdom. The Company currently has interests in three licences and is the operator of two of these licences in the South of England. Further consideration will be given to other such opportunities in the United Kingdom as they arise.

The Company has taken advantage of the special provisions for small companies under section 417(1) of the Companies Act 2006 not to include a business review in the Directors' Report.

### **GOING CONCERN**

After making appropriate enquiries, and notwithstanding that the Company has net current liabilities of £396,426 as at 31 December 2012, the Directors have a reasonable expectation that the Company has adequate resources to meet all its commitments and to continue in operational existence for the foreseeable future. The use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern. Northern Petroleum Plc, the ultimate parent company, will continue to provide financial and other support to the Company for at least the next twelve months from the date of approval of these financial statements and thereafter for the foreseeable future.

### **RESULTS AND DIVIDENDS**

The Company made a loss after taxation for the year of £29,357 (2011: £31,078).

The Directors do not recommend payment of a dividend (2011: £Nil).

### **POLITICAL AND CHARITABLE CONTRIBUTIONS**

The Company did not make any political or charitable contributions during the year (2011: Nil).

### **DIRECTORS**

The Directors, D R Musgrove, C J Foss, and G L Heard, all served throughout the year.

Subsequent to the year end, C J Foss and D R Musgrove resigned as Directors and K R Bush and N T Morgan were appointed as Directors on 26 July 2013.

### **DISCLOSURE OF INFORMATION TO AUDITOR**

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor are unaware, and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor are aware of that information.

### **AUDITOR**

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

By order of the Board



**N T Morgan**  
Director

18 September 2013

## **NP Weald Limited**

### **Statement of Directors' Responsibilities**

#### **Statement of Directors' responsibilities in respect of the Directors' report and the financial statements**

The Directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 judgments and 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

## **Independent auditor's report to the members of NP Weald Limited**

We have audited the financial statements of NP Weald Limited for the year ended 31 December 2012 set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where 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.



**Juliette Lowes (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London  
EC14 5GL

18 September 2013

## NP Weald Limited

### Profit and Loss Account

for the year ended 31 December 2012

		Year ended 31 December 2012	Year ended 31 December 2011
	Notes	£	£
Administrative expenses		(33,257)	(55,296)
Other operating income	2	12,000	39,618
<b>Operating loss</b>		<b>(21,257)</b>	<b>(15,678)</b>
Interest payable and similar charges	3	(8,100)	(15,400)
<b>Loss on ordinary activities before taxation</b>		<b>(29,357)</b>	<b>(31,078)</b>
Tax on loss on ordinary activities	7	-	-
<b>Loss for the financial year</b>		<b>(29,357)</b>	<b>(31,078)</b>

All amounts relate to continuing activities

There are no other recognised gains and losses in the current or prior period

The notes on pages 7 to 11 form part of these financial statements

# NP Weald Limited

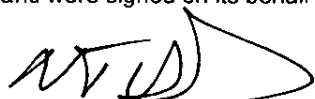
## Balance Sheet

at 31 December 2012

	Notes	2012 £	2011 £
<b>Fixed assets</b>			
Intangible assets	8	684,388	769,974
Tangible assets	9	252,835	83,604
<b>Current assets</b>			
Debtors	10	22,275	35,706
Cash		34,359	-
		<b>56,634</b>	<b>35,706</b>
<b>Creditors</b> amounts falling due within one year	11	<b>(453,060)</b>	<b>(319,130)</b>
<b>Net current liabilities</b>		<b>(396,426)</b>	<b>(283,424)</b>
<b>Net assets</b>		<b>540,797</b>	<b>570,154</b>
<b>Capital and reserves</b>			
Called up share capital	12	200,000	200,000
Share premium account	13	599,994	599,994
Profit and loss account	13	(259,197)	(229,840)
<b>Shareholders' funds</b>	13	<b>540,797</b>	<b>570,154</b>

The notes on pages 7 to 11 form part of these financial statements

The financial statements were approved by the Board of Directors and authorised for issue on **18 September 2013** and were signed on its behalf by



**N T Morgan**  
Director

Company registration no 04991234

# **NP Weald Limited**

## **Notes to the Accounts**

for the year ended 31 December 2012

### **1 ACCOUNTING POLICIES**

#### **Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards

The financial statements fall within the scope of the Statement of Recommended Practice ("SORP"), "Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities", issued by the Oil Industry Accounting Committee. The financial statements, including disclosures, have been prepared in accordance with the provisions of the SORP currently in effect

#### **Basis of preparation**

The Company's exploration, development and production activities are generally conducted jointly with other companies. Since these arrangements do not constitute entities in their own right, the financial statements reflect the relevant proportion of costs, income, assets and liabilities applicable to the Company's interests

Under Financial Reporting Standard (Revised) 1 "Cash flow Statements" the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its parent includes the Company in its own published consolidated accounts

#### **Going Concern**

After making appropriate enquiries, and notwithstanding that the Company has net current liabilities of £396,426 as at 31 December 2012, the Directors have a reasonable expectation that the Company has adequate resources to meet all its commitments and to continue in operational existence for the foreseeable future. The use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern. Northern Petroleum Plc, the ultimate parent company, will continue to provide financial and other support to the Company for at least the next twelve months from the date of approval of these financial statements and thereafter for the foreseeable future

#### **Intangible oil and gas assets**

The Company has adopted the full cost method of accounting for expenditure in respect of its exploration and evaluation oil and gas activities. As a result, all such costs are accumulated in cost pools within intangible oil and gas assets. Such cost pools are based on a geographic segment. The Company currently has one cost pool

In certain circumstances costs may be held outside of the pool pending determination and may be written off to the extent that they are not supported by underlying oil and gas reserves

Intangible oil and gas assets are not depreciated and are carried forward until the existence (or otherwise) of commercial reserves has been determined

Such costs may include costs of licence acquisition, technical services and studies, seismic acquisition, exploration drilling and testing, and include costs incurred prior to having obtained the legal rights to explore an area

The intangible oil and gas cost pools are assessed for impairment on a cost pool basis as described below

#### **Tangible Oil and Gas assets**

Once a decision is reached that commercial reserves have been established then the relevant costs are transferred (following an impairment review as described below) from intangible oil and gas assets to development and production assets within tangible oil and gas assets. Expenditures incurred after the commerciality of the field has been established are then capitalised within tangible oil and gas assets

#### **Oil and gas reserves**

Proven and probable oil and gas reserves are estimated quantities of commercially producible hydrocarbons which the existing geological, geophysical and engineering data show to be recoverable in future years. The proven reserves included herein conform to the definition approved by the Society of Petroleum Engineers ("SPE") and the World Petroleum Congress ("WPC"). The probable and possible reserves included herein conform to definitions of probable and possible reserves approved by the SPE/WPC using the deterministic methodology



# NP Weald Limited

## Notes to the Accounts (continued)

for the year ended 31 December 2012

### 1 ACCOUNTING POLICIES (continued)

#### Oil and Gas assets

##### *Impairment and ceiling test*

Exploration and evaluation expenditure which is held as intangible oil and gas assets is reviewed for indicators of impairment. Such indicators include the point at which a determination is made as to whether or not commercial reserves exist. If such indicators exist then the intangible oil and gas assets are tested for impairment together with any development and production assets associated with that cost pool, as a single cash generating unit. The aggregate carrying value is compared against the expected recoverable amount, generally by reference to the present values of the future net cash flows expected to be derived from production of commercial reserves. Where the intangible oil and gas assets to be tested fall outside the scope of any established cost pool or have no established reserves then the intangible oil and gas assets concerned will generally be written off in full.

An impairment test is also carried out before the transfer of exploration and evaluation costs to tangible oil and gas assets following a declaration of commercial reserves.

Tangible Oil and Gas assets are reviewed for possible impairment on a field by field basis. Any assets which are deemed to be impaired are compared with the net present value of future net cash flows derived from those assets. These ceiling test values are calculated on the basis of expected future product prices or, if applicable, at prices specified in a sale contract.

##### *Depreciation, depletion and amortisation*

Amortisation of expenditure held in respect of tangible oil and gas assets is provided using the unit of production method based on entitlement to proved and, where applicable, probable reserves of oil and gas. For depletion purposes only, the estimated future development expenditure to be incurred to access these reserves is included. Changes in reserves are accounted for prospectively.

#### Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

#### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### 2 OTHER OPERATING INCOME

	Year ended 31 December 2012 £	Year ended 31 December 2011 £
Project operator fees	12,000	39,618

### 3 INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 December 2012 £	Year ended 31 December 2011 £
Interest payable on group loans	8,100	15,400

# NP Weald Limited

## Notes to the Accounts (continued)

for the year ended 31 December 2012

### 4 LOSS ON ORDINARY ACTIVITIES

This is stated after charging

Auditor's remuneration	Year ended 31 December 2012 £	Year ended 31 December 2011 £
Audit of the UK statutory financial statements	3,075	3,075

### 5 STAFF COSTS

The Company had no employees during the current and prior year

### 6 DIRECTORS' REMUNERATION

The Directors have received no remuneration in respect of their services to the Company during the current and prior year

### 7. TAX ON LOSS ON ORDINARY ACTIVITIES

#### a) Factors affecting tax charge

The tax charge is equal to the standard rate of corporation tax in the UK of 24.5% (2011 26.5%) The difference is explained below

	Year ended 31 December 2012 £	Year ended 31 December 2011 £
Loss on ordinary activities before taxation	(29,357)	(31,078)
Tax on loss on ordinary activities before tax @ 24.5% (2011 26.5%)	(7,192)	(8,236)
Effects of		
Current tax loss not utilised and carried forward	7,192	8,236
Current tax credit for the year	-	-

No UK corporation tax is payable for the year ended 31 December 2012 (2011 £Nil)

#### b) Factors that may affect future tax charges

The Company has tax losses arising in the UK of £124,435 (2011 £95,078) and uncrystallised capital allowances of approximately £937,223 (2011 £853,578) that are available indefinitely for offset against future taxable profits. Deferred tax assets have not been recognised in respect of these losses and allowances as they may not be used to offset taxable profits for some time. The approximate value of the unrecognised deferred tax asset for the Company is £28,620 (2011 £23,770)

#### Corporate tax amendments

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the Group's future current tax charge accordingly.

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement.

# NP Weald Limited

## Notes to the Accounts (continued)

for the year ended 31 December 2012

### 8 INTANGIBLE ASSETS

Intangible assets represent the cost of investment in UK oil and gas projects where it is too early to make a decision regarding the existence or otherwise of commercial reserves

	£
Cost	
At 1 January 2012	769,974
Additions	19,262
Reclassification	(104,848)
<b>At 31 December 2012</b>	<b>684,388</b>
Amortisation	
<b>At 1 January 2012 and 31 December 2012</b>	<b>-</b>
Net book value	
<b>At 31 December 2012</b>	<b>684,388</b>
At 31 December 2011	769,974

Reclassifications in the year relate to assets that were previously classed as intangible assets but now meet the criteria of tangible assets

The carrying value of intangible assets all relates to exploration and appraisal costs

### 9 TANGIBLE ASSETS

	Oil and Gas Assets (UK) Undeveloped £	Oil and Gas Assets (UK) Total £
Cost		
At 1 January 2012	83,604	83,604
Additions	64,383	64,383
Reclassification	104,848	104,848
<b>At 31 December 2012</b>	<b>252,835</b>	<b>252,835</b>
Depletion and amortisation		
At 1 January 2012	-	-
Charge for the year	-	-
<b>At 31 December 2012</b>	<b>-</b>	<b>-</b>
Net book value		
<b>At 31 December 2012</b>	<b>252,835</b>	<b>252,835</b>
At 31 December 2011	83,604	83,604

The licence cost analysis of tangible assets at 31 December 2012 is as follows

	Undeveloped £	Total £
Cost		
Exploration and appraisal costs	252,835	252,835
<b>At 31 December 2012</b>	<b>252,835</b>	<b>252,835</b>

The carrying value of proven undeveloped oil and gas assets in the UK also includes the expenditures to date in respect of the Baxters Copse field under licence to the Company in the Weald Basin that has been independently

## NP Weald Limited

### Notes to the Accounts (continued)

for the year ended 31 December 2012

#### 9 TANGIBLE ASSETS (continued)

confirmed by RPS Energy Limited during 2011 to be an undeveloped oil field with proven and / or probable reserves  
Further information is given in the Unaudited Statement of Net Commercial Oil & Gas Reserve Quantities

#### 10 DEBTORS

	2012 £	2011 £
Trade debtors	22,275	35,706

All amounts fall due for payment within one year

#### 11 CREDITORS amounts falling due within one year

	2012 £	2011 £
Trade creditors	71,639	112
Amounts due to group companies	15,107	-
Amounts due to parent undertaking	366,314	319,018
	453,060	319,130

#### 12 SHARE CAPITAL

	2012 £	2011 £
<b>Authorised</b>		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
<b>Allotted, called up and fully paid</b>		
200,000 (2011 200,000) ordinary shares of £1 each	200,000	200,000

#### 13 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS AND RESERVES

	Share capital £	Share premium account £	Profit and loss account £	Total shareholders' funds £
At 1 January 2011	50,000	149,994	(198,762)	1,232
Issue of shares during the year	150,000	450,000	-	600,000
Loss for the year	-	-	(31,078)	(31,078)
At 1 January 2012	200,000	599,994	(229,840)	570,154
Loss for the year	-	-	(29,357)	(29,357)
At 31 December 2012	200,000	599,994	(259,197)	540,797

#### 14 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption contained within FRS 8 ("Related party disclosures"), not to disclose transactions with members of the Group headed by Northern Petroleum Plc on the grounds that 100% of the voting rights in the Company are controlled within that Group and the Company is included in the consolidated financial statements of that Group

#### 15 ULTIMATE PARENT UNDERTAKING

The Company's immediate parent undertaking is NP Oil & Gas Holdings Limited. The Company is included in the consolidated financial statements of Northern Petroleum Plc, copies of which are available by application to the Company Secretary at its registered office Northern Petroleum Plc, Martin House, 5 Martin Lane, London, EC4R 0DP. Northern Petroleum Plc is the ultimate parent undertaking of the group of which the Company is a member.

## NP Weald Limited

### Unaudited Statement of Net Commercial Oil & Gas Reserve Quantities – Proven and Probable Reserves

for the year ended 31 December 2012

#### Volumes

	Total Oil
	Million bbl
At 1 January 2012	2 68
<i>Changes during the year</i>	-
Production	-
<b>At 31 December 2012</b>	<b>2 68</b>

#### Volumes and categorisation by location

	United Kingdom Oil
	Million bbl
<b>At 31 December 2012</b>	
Proven reserves	0 35
Probable reserves	2 33
	<b>2 68</b>
<b>At 31 December 2011</b>	
Proven reserves	0 35
Probable reserves	2 33
	<b>2 68</b>

#### Notes

- 1 The Reserve estimates shown in this report are based upon the joint reserve and resource definitions of the Society of Petroleum Engineers, the World Petroleum Congress, and the American Association of Petroleum Geologists
- 2 Proven and probable reserves in the UK represent the Company's reserves at year end as determined during 2011 by RPS Energy in an independent valuation of some of the Northern Petroleum Group's oil and gas assets in the Weald Basin. Further information is given in the Northern Petroleum Plc Annual Report, (see note 14)