Registered No. 5562373

FAIRFIELD ENERGY LIMITED

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

Contents

Strategic report

During the 12 month period under review the principal activity of the company was providing decommissioning manpower services.

HEALTH, SAFETY AND ENVIRONMENT (HSE)

Fairfield remains wholly committed to conducting its business in a manner that protects people from harm and preserves the environment. The Company has designed policies and procedures to honour this commitment. These include, inter alia:

- Prescribing annual HSE performance targets and reporting regularly on those targets to the Board.
- Ensuring the availability of specialist support and providing advice to the Executive and the Board.
- Assigning specific responsibilities for HSE performance within the organisation.

Decommissioning

Following the announcement to terminate production and commence decommissioning of the Dunlin Area facilities, the Company has been focussed on the safe and efficient delivery of the decommissioning project. As in previous years, an annual HSE improvement plan was developed, taking cognisance of the changing risk profile of the decommissioning activities. This plan has ensured focus in the areas of leadership & accountability; interface management; and compliance & assurance and has proceeded on schedule through the course of the year. The Dismantling Safety Case, previously accepted by the Health and Safety Executive in February 2022, has been maintained and updated in accordance with the requirements of the relevant statutory provisions.

FINANCIAL REVIEW

Financial performance

Gross loss for the year was £64k (2022: £174k loss). The result for the year after tax was £nil (2022: £nil). The Company is in a net assets position of £nil (2022: £nil).

Under the long term financial agreement signed 13 January 2016, the Company entered into a security assignment deed with MCX Dunlin (UK) Limited securing rights to the net assets of the Company in return for assuring the financial viability of the Company.

The trading results of the Company and the Company's balance sheet at the end of the year are shown in the attached financial statements.

Key performance indicators

Given the straightforward nature of the business as at 30 June 2023, the Company's directors are of the view that analysis using Key Performance Indicators is not necessary for an understanding of the development, performance or position of the Company.

Financial risk management

The Company continues to put significant focus on risk management initiatives through tight controls over cash forecasting and budgetary constraints to ensure future expenditure is planned and projected appropriately.

Strategic report (Continued)

Risk management and internal control

The Board regards the identification and assessment of risks, together with the mitigating internal controls, to be fundamental to achieving the Company's strategic objectives. The Board has overall responsibility for the Company's system of internal control and risk management which is designed to manage rather than eliminate the risk of failure to achieve its objectives and can provide only reasonable, and not absolute, assurance against material misstatement or loss. As part of the management process the Company has identified the key risks facing the Company and those risks with a high level of potential impact and occurrence are summarised in the Risk Register which is reviewed by the Board.

Fairfield, as an operator in the North Sea oil and gas industry faces a variety of risks. The nature of these risks may be specific to the oil and gas industry, the Fairfield Company and/or regulatory risks associated with the markets the Company operates within. Many of these risks are outside the Company's control.

Key risks the Company faces include, but are not limited to:

Risk	Mitigation
Health, Safety & Environment (HSE)	
Oil and gas decommissioning activities are highly complex and HSE is inherent in all areas of our operations. Risks cover many areas including management of Major Accident Hazards (MAHs), operational safety, personal health and safety, compliance with regulatory requirements and potential environmental harm.	The Company is committed to conducting its business in a manner that protects people from harm and preserves the environment. The Company has designed policies and procedures to meet this commitment and aligns these with its suppliers, through the implementation of appropriate interface arrangements. Our management system has been certified in accordance with the international standards for Health & Safety, Environmental and Quality management.
Funding	
The Company is required to be well funded, in order to meet its obligations.	The Company's costs are funded via the Manpower Services Agreement and the Joint Operating Agreement for the Greater Dunlin Area. The Company has a pro-active cash management process that ensures sufficient funding is in place to allow the Company to meet its obligations as they arise. The Company has strong cost forecasting process in place to ensure it understands the upcoming requirements.
External environment	
Changes in the regulatory or fiscal environment may affect the Company's ability to execute its strategy.	It is difficult for the Company to predict changes in this area. However, the Company does engage with government and other appropriate organisations both directly and through industry associations. This ensures the Company is aware of potential changes, so it can assess the potential impact and take an active role in making appropriate representations.
People	
The Company's success is dependent upon its ability to retain key personnel, and where necessary to replace any departing personnel, in what is a competitive market environment.	The Company places significant importance on providing competitive employment terms to ensure the retention and, where required, recruitment of appropriately qualified, experienced and knowledgeable individuals. Accordingly, the Company has developed an appropriately robust remuneration package that includes competitive pay and benefits, short-term incentives linked to performance, and enhanced redundancy arrangements for personnel. The Company's people objectives are facilitated via a Human Resources department experienced in the HR discipline and the Fairfield organisation, which monitors internal engagement and motivation and the external market in order to assess the effectiveness of the HR strategy.
Supply Chain	
The Company's ability to execute its plans relies on its ability to access key equipment with long lead times in a highly competitive market.	The Company has a strong brand within the market after delivering some sizeable Projects; as such relationships with key suppliers are strong.

Directors' report

The directors' present their report and financial statements for the year ended 30 June 2023.

Registered Number

5562373

Directors of the Company
John Wiseman
Graeme Fergusson
Ian Sharp

Dividends
The directors do not recommend the payment of a dividend (2022: nil).

Future developments
Please refer to the Strategic report for discussion of future developments.

Events since the balance sheet date
There were no reportable events subsequent to the year end to disclose for Fairfield Energy Limited. This company is a subsidiary of Decom Energy Limited, where further information for the Group can be obtained.

Going concern
The directors are satisfied that the Company has access to adequate resources to continue to operate for the foreseeable future. The Company forecasts and projections show that the Company has access to sufficient financial resources.

As a consequence, the directors have a reasonable expectation that the Company is well placed to manage its business risks and to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Directors' liabilities
The Company has granted an indemnity to one or more of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

The Directors of the Company are also the Directors of other affiliate Companies and/or the parent undertaking.

Auditors
The auditors, Anderson Anderson & Brown Audit LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Directors' statement as to disclosure of information to auditors
The Directors who were members of the board at the time of approving the Directors' report are listed above. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

The Strategic Report and the Directors' Report were approved by the Board on 7 December 2023.

For and on behalf of the Board

John Wiseman
Director
7 December 2023

Statement of directors' responsibilities for the financial statements

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable United Kingdom law and regulation.

Company Law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law). 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 for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare 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 taking reasonable steps for the prevention and detection of fraud and other irregularities.

John Wiseman
Director
7 December 2023

Independent auditors' report to the shareholders of Fairfield Energy Limited

Opinion

We have audited the financial statements of Fairfield Energy Limited for the year ended 30 June 2023, which comprise the Statement of comprehensive income, the Statement of Financial Position, the Statement of changes in equity and the related notes, 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 state of the Company's affairs as at 30 June 2023 and of its result for the year then ended;
- have been properly prepared in accordance with UK-adopted International Accounting Standards 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 United Kingdom, including the Financial Reporting Council'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 director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

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

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

We have nothing to report in 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 Strategic report and 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 has been prepared in accordance with applicable legal requirements.

Independent auditors' report to the shareholders of Fairfield Energy Limited (continued)

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 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.

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 obtained an understanding of the legal and regulatory frameworks within which the Company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements.

The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities including fraud to be:

- Management override of controls to manipulate the company's key performance indicators to meet targets
- Timing and completeness of revenue recognition
- Compliance with relevant laws and regulations which directly impact the financial statements and those that the company needs to comply with for the purpose of trading

Our audit procedures to respond to these risks included:

- Testing of journal entries and other adjustments for appropriateness
- Detailed testing and reconciliation of revenues together with review of revenue around the year end
- Evaluating the business rationale of any significant transactions outside the normal course of business
- Reviewing judgments made by management in their calculation of accounting estimates for potential management bias
- Enquiries of management about litigation and claims and inspection of any relevant correspondence
- Reviewing legal and professional fees to identify indications of actual or potential litigation, claims and any non-compliance with laws and regulations
- Reviewing minutes of meetings of those charged with governance to identify any matters indicating actual or potential fraud

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulations. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Independent auditors' report to the shareholders of Fairfield Energy 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.

Anderson Anderson + Brown Audit LLP

Ian McPherson (Senior Statutory Auditor)

For and on behalf of
Anderson Anderson & Brown Audit LLP

Statutory Auditor

Kingshill View
Kingswells
Aberdeen
AB15 8PU

8 December 2023

Income statement

for the year ended 30 June 2023

Continuing operations

	Notes	2023 £000	2022 £000
Turnover	3	**5,440**	11,092
Cost of services		**(5,504)**	(11,266)
Gross loss		**(64)**	(174)
Interest receivable and similar income	4ii	**5**	-
Interest payable and similar costs	4iii	**(2)**	(19)
Other non-operating income	4vi	**61**	193
Profit/(loss) before tax		**-**	-
Tax expense	5	-	-
Profit/(loss) after tax		-	-

Statement of comprehensive income

for the year ended 30 June 2023

	2023 £000	2022 £000
Profit/(loss) for the year	-	-
Total comprehensive profit/(loss)	-	-

Balance sheet

as at 30 June 2023

	Notes	2023 £000	2022 £000
Non-current assets			
Right of use asset		-	-
Tangible fixed assets	7	-	-
		-	-
Current assets			
Trade and other debtors	8	**10**	18
Prepayments and accrued income		**128**	195
Amounts due from group undertakings		**644**	2,851
Cash at bank and in hand	9	**324**	247
		1,106	3,311
Total Assets		**1,106**	3,311
Current liabilities			
Trade and other creditors	10	**621**	745
Accruals		**485**	2,566
		1,106	3,311
Net current assets/(liabilities)		-	-
Total assets less current liabilities		-	-
NET ASSETS		-	-
Capital and reserves			
Share capital	12	**164**	164
Preference shares	12	**786,441**	786,441
Capital redemption reserve		**174**	174
Retained deficit		**(786,779)**	(786,779)
TOTAL EQUITY		-	-

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

John Wiseman
Director
7 December 2023

The notes on pages 13 to 18 form part of these financial statements.

›quity

		Share Capital		Preference shares		Reserves		
	Founder shares	Incentive ordinary shares	Super incentive shares	A preference shares	B preference shares	Capital redemption reserve	Retained (deficit)	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000
	13	124	27	13,186	773,255	174	(786,779)	-
	-	-	-	-	-	-	-	-
	13	124	27	13,186	773,255	174	(786,779)	-

		Share Capital		Preference shares		Reserves		
	Founder shares	Incentive ordinary shares	Super incentive shares	A preference shares	B preference shares	Capital redemption reserve	Retained (deficit)	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000
	13	124	27	13,186	773,255	174	(786,779)	-
	-	-	-	-	-	-	-	-
	13	124	27	13,186	773,255	174	(786,779)	-

Notes to the financial statements

1. Authorisation of financial statements and statement of compliance with FRS 101

Reporting entity

The financial statements of Fairfield Energy Limited (the "Company") for the year ended 30 June 2023 were authorised for issue by the board of directors on 7 December 2023 and the Balance sheet was signed on the board's behalf by John Wiseman. Fairfield Energy Limited is a company limited by shares incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Pounds Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Decom Energy Limited.

The results of Fairfield Energy Limited are included in the consolidated financial statements of Decom Energy Limited, the ultimate parent entity, which are available from Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF.

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

2. Accounting Policies

a) Basis of preparation

The accounting policies which follow set out those policies which apply in preparing financial statements for the year ended 30 June 2023.

The Company applies FRS 101 – *Reduced Disclosure Framework* and has as a result taken the following disclosure exemptions:

(a) the requirements of IFRS 7: Financial Instruments: Disclosures;
(b) 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;*
(c) the requirements of IAS 7: *Statement of Cash Flows*;
(d) the requirements of paragraphs 30 and 31 of IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors;*
(e) the requirements of paragraphs 10(d), 10(f), 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1: *Presentation of Financial Statements;*
(f) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36: *Impairment of Assets;*
(g) the requirements of paragraph 17 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 the group, provided that any subsidiary, which is a party to the transaction, is wholly owned by such a member; and
(i) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 *Revenue from contracts with customers.*

b) Basis of measurement

The financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities that have been measured at fair value.

c) Foreign currency translation

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company's functional currency spot rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the income statement.

d) Property, plant and equipment

Plant and equipment is stated at cost, net of accumulated depreciation and any provisions for impairment, if any. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

IT equipment	3 years
Furniture and fittings	5 years

e) Investments

Investments are initially measured at cost and carried net of any provisions for impairment.

f) Provisions and contingencies

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of the provision to be reimbursed (and is virtually certain), the reimbursement is recognised as a separate asset. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured reliably except where the contingent liability results as part of a business combination.

g) Trade and other creditors

Trade and other creditors, including creditors from related parties are non-interest bearing and measured at cost.

h) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and on hand, restricted cash holdings and short-term deposits with an original maturity of three months or less.

i) Deferred Income tax

Deferred income tax

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are not recognised if a temporary difference arises on 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.

A deferred tax asset is recognised to the extent that it is probable that future income tax profit will be available against which the temporary differences can be utilised.

Notes to the financial statements (continued)

i) Deferred Income tax (continued)

Deferred tax is provided on temporary differences arising on investments in subsidiaries, jointly controlled entities and associates, except where the timing of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured based on tax rates (and tax laws) enacted or substantively enacted at the statement of financial position date.

Deferred tax relating to items recognised directly in equity is recognised in equity and not the income statement. Deferred tax liabilities may be offset against deferred tax assets within the same tax entity and tax jurisdiction.

Measurement of deferred tax liabilities and assets reflect the tax consequences expected to arise from the manner in which the asset or liability is recovered or settled.

j) Pension and other post-employment benefits

The Company contracts out to recognised personal pension schemes which are defined contribution pension schemes. Amounts payable to the pension plan are charged to the income statement in the same period in which the services have been rendered by the employees.

k) Revenue

Income from joint ventures

Income received as operator from joint ventures is recognised on an accruals basis in accordance with joint venture agreements and is included within 'turnover' in the income statement.

Income from rendering of services

Revenue is recognised to the extent that it is probable economic benefits will flow to the Company and the revenue can be reliably measured.

l) Leases

The Company assesses at contract inception whether a contract is, or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets include the amount of lease liabilities recognised. Right-of-use assets are depreciated on a straight- line basis over the lease term.

The right-of-use assets are also subject to impairment.

Lease liability

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The carrying value of lease liabilities is remeasured if there is a modification, a change in lease term or a change in the lease payments.

l) Leases (continued)

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases on low-value assets are recognised as an expense on a straight-line basis over the lease term.

The Company reassesses the judgements and estimates for leases as disclosed above at each reporting period and has assessed, for the year ended 30 June 2023, these are not significant risks that could result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

m) Significant accounting judgements, estimates and assumptions

There are no significant accounting judgements, estimates and assumptions impacting the Company.

n) New standards, amendments and interpretations not yet adopted

Standards issued but not yet effective up to the date of issue of the Company's financial statements have been considered. While the Company intends to adopt those standards (where applicable) when they become effective they are not expected to have a significant impact on the Company.

3. Turnover

	2023 £000	2022 £000
Decommissioning Licence Operator Services	5,440	11,075
Provision of Manpower & Services	-	17
Total turnover	5,440	11,092

Revenue relates to the principal activities of the business and arose wholly in the United Kingdom Continental Shelf.

4. Other income and expenses

i. Depreciation

	2023 £000	2022 £000
Depreciation of right of use of asset	-	313
Total depreciation	-	313

ii. Interest receivable and similar income

	2023 £000	2022 £000
Interest income	3	-
Foreign exchange gains	2	-
Total interest receivable and similar income	5	-

iii. Interest payable and similar costs

	2023 £000	2022 £000
Finance costs relating to leased asset	-	10
Interest on loans and other finance costs	2	3
Foreign exchange losses	-	6
Total interest payable and similar costs	2	19

iv. Auditors' remuneration

	2023 £000	2022 £000
Audit of the financial statements	4	4
Total fees payable to auditor	4	4

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the Group financial statements of Decom Energy Limited.

v. Employee benefits expense

	2023 £000	2022 £000
Wages and salaries - directors	311	706
Wages and salaries - staff	1,935	4,169
Bonuses	1,628	1,792
Social security costs	480	829
Pension costs	128	291
Insurance (medical and life)	50	93
Total employee benefits expense	4,532	7,880
Average number of employees:		
Directors	-	1
Finance and administration	9	13
Technical and operational	6	12
Offshore	-	4
	15	30

vi. Other non-operating income

	2023 £000	2022 £000
Indemnity credit	61	193
Total other non-operating income	61	193

Under the long term financial agreement signed 13 January 2016, the Company entered into a security assignment deed with MCX Dunlin (UK) Limited securing rights to the net assets of the Company in return for assuring the financial viability of the Company. This has resulted in an indemnity credit (2022: credit) to the Company.

5. Income tax

i. *Company income statement*

There was no income tax charge for either of the year ended 30 June 2023 or the year ended 30 June 2022. The planned increase in the UK's main corporation tax effect rate up to 25% (for all profits except ring fence profits) took effect from 1 April 2023.

ii. Reconciliation of accounting result/(loss) before tax to tax benefit recorded in the income statement

A reconciliation between tax expense and the product of accounting result/(loss) multiplied by the UK standard income tax rate for the year ended 30 June 2023 is as follows:

	2023 £000	2022 £000
Accounting profit/(loss) before income tax	-	-
Accounting profit/(loss) multiplied by the UK standard rate of corporation tax of 25% (2022: 19%)	-	-
Expenditure not deductible for tax purposes	(251)	(28)
Tax losses not recognised	310	-
Movement in unrecognised deferred tax	(59)	28
	-	-

The Company has tax losses of £42.7m (2022: £41.4m) and other temporary differences of £1.1m (2022: £1.3m) which arose in the UK and are available indefinitely for offset against future taxable profits of the Company. Deferred tax assets have not been recognised in respect of these losses as they are not expected to offset taxable profits in the Company in the foreseeable future.

6. Investments

Investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows:

Name of company	*Holding*	*Nature of business*	**Proportion of voting rights and shareholding**
Fairfield Energy No.1 Limited	Ordinary shares	Holding company	100%
Fairfield Energy Holdings Limited	Ordinary shares	Holding company	100%
Fairfield Betula Limited	Ordinary shares	Decommissioning	100%
Fairfield Fagus Limited	Ordinary shares	Decommissioning	100%

Fairfield Energy No.1 Limited is the only subsidiary held directly by the Company, the other subsidiaries are held indirectly. All subsidiaries are incorporated and operated in the United Kingdom, valued at cost. The registered address of all the above companies is Cannon Place, 78 Cannon Street, London, EC4N 6AF.

7. Tangible fixed assets

	IT Equipment £000	Furniture & Fittings £000	Total £000
Cost:			
At 1 July 2022	**243**	-	**243**
Disposals	(4)	-	(4)
At 30 June 2023	**239**	-	**239**
Depreciation:			
At 1 July 2022	**243**	-	**243**
Disposals	(4)	-	(4)
At 30 June 2023	**239**	-	**239**
Carrying amount:			
At 30 June 2023	-	-	-
At 30 June 2022	-	-	-

8. Trade and other debtors

	2023 £000	2022 £000
Trade debtors	-	1
VAT debtor	10	17
	10	18

The carrying amounts of trade and other debtors is a reasonable approximation to fair value.

9. Cash at bank and in hand

	2023 £000	2022 £000
Cash at bank and in hand	**324**	247
	324	247

10. Trade and other creditors

	2023 £000	2022 £000
Trade creditors	**10**	3
Indemnity charge	**542**	604
Other creditors	**69**	138
	621	745

Under the long term financial agreement signed on 13 January 2016, the Company entered into a security assignment deed with MCX Dunlin (UK) Limited securing rights to the net assets of the Company in return for assuring the financial security of the Company. This has resulted in an indemnity charge of £0.54m (2022: £0.60m).

11. Capital management

The primary objective of the Company's capital management is to ensure financial stability and manage financial risks.

12. Issued share capital and share premium

Authorised and fully paid issued capital is as follows:

	2023		2022	
	Number of shares	Nominal value £000	Number of shares	Nominal value £000
Share capital				
Founder ordinary shares	**303,001**	**2**	303,001	2
Incentive ordinary shares	**6,958,096**	**45**	6,958,096	45
Super incentive shares	**715,000**	**-**	715,000	-
Share premium				
Founder ordinary shares	-	**12**	-	12
Incentive ordinary shares	-	**79**	-	79
Super incentive shares	-	**26**	-	26
	7,976,097	**164**	**7,976,097**	164
Share capital				
A Preference shares	**366,281**	**3**	366,281	3
B Preference shares	**104,811,319**	**666**	104,811,319	666
Share premium				
A Preference shares	-	**13,184**	-	13,184
B Preference shares	-	**772,588**	-	772,588
	105,177,600	**786,441**	**105,177,600**	786,441

Share capital

Share capital includes the net proceeds (both nominal value and share premium) on issue of the Company's equity share capital, which includes founder shares, incentive ordinary shares, super incentive shares and A and B preference shares.

Voting rights and rights to dividends

All classes of shares carry the same rights, except for the Incentive ordinary shares which are unvested and therefore contain no right to vote or to receive any dividends and the super incentive shares, which have the right to vote but no right to receive any dividends.

13. Pensions and other post-retirement benefits

The Company contracts out to recognised personal pension schemes which are defined contribution schemes.

The expense charged to the income statement for the period amounted to:

	2023 £000	2022 £000
Pension costs expensed to the income statement – directors	-	4
Pension costs expensed to the income statement – staff	128	287
Pension costs expensed to the income statement	**128**	291

14. Related party disclosures

a) Transactions with related parties

Apart from transactions relating to debt and key management personnel compensation, transactions entered into, and trading balances outstanding at 30 June 2023 with other related parties are as follows:

Related Party	Transaction	Transactions with related parties £000		Amounts due from related parties £000	
		2023	2022	2023	2022
Fairfield Decom Limited	Manpower services and access to assets	-	17	-	-

The parent company and its subsidiaries, entered into a Services Agreement with Fairfield Decom Limited with an effective date of 6 June 2019. Fairfield Decom Limited was wound up and struck off the Companies Registrar on 19 January 2022 leading to the termination of the Services Agreement.

b) Compensation of key management personnel

IAS 24 defines key management personnel as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The key management personnel of the Company are considered to be the directors. Key management compensation is listed in the following table:

	2023 £000	2022 £000
Short-term employee benefits	**311**	513
Termination benefits	-	193
Social security costs	**40**	91
Value of employer contributions to pension schemes	-	4
Total	**351**	801

There were no directors accruing pension benefits under the defined contribution plan (2022: one). As at 30 June 2023 the amount of accrued pension was nil (2022: nil).
The highest paid director received emoluments of £0.233m for the year to 30 June 2023 (year to 30 June 2022: £0. 607m).
No directors exercised share options during the year.

15. Commitments, contingencies and guarantees

Capital and other commitments

At 30 June 2023 the Company was party to commitments of £nil (2022: £nil).

16. Other financial commitments

On 13 January 2016 the Company entered into the following arrangement in favour of MCX, under a security assignment deed, a fixed charge with full title guarantee and as a continuing security for the payment and discharge of the secured liabilities under a restructuring umbrella agreement dated 13 January 2016 and entered into between, amongst others, the Company and MCX.

Company information

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