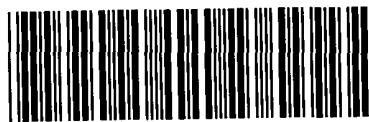


Company Registration No. 06559929 (England and Wales)

MOORLAND ENERGY LIMITED
REPORT AND
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2015

WEDNESDAY



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COMPANIES HOUSE

MOORLAND ENERGY LIMITED

COMPANY INFORMATION

Directors	J C Hutchinson A S Lambie
Company number	06559929
Registered office	Moorland Energy First Floor 67 Leigh Road Eastleigh Hants England SO50 9DF
Accountants	RSM UK Tax and Accounting Limited Chartered Accountants Third Floor One London Square Cross Lanes Guildford Surrey GU1 1UN

MOORLAND ENERGY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and financial statements for the year ended 31 December 2015.

Principal activities

Moorland Energy Limited (the "company") is domiciled and incorporated in the United Kingdom. The company is the holding company for the Moorland Energy Group (the "Group"). The Group comprises the company, Moorland Exploration Limited and Moorland Power Limited. The principal activity of the Group is the exploration, development, production, evaluation and related consequential processing of hydrocarbons whether in the form of oil, condensates or gas.

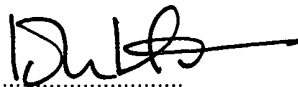
Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J C Hutchinson
A S Lambie

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

On behalf of the board



J C Hutchinson

Director

24/08/2016

ACCOUNTANT'S REPORT TO THE BOARD OF DIRECTORS OF MOORLAND ENERGY LIMITED ON THE UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

In order to assist you to fulfil your duties under the Companies Act 2006, we prepared for your approval the financial statements of Moorland Energy Limited which comprise the Profit and Loss Account, the Balance Sheet and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

This report is made solely to the Board of Directors of Moorland Energy Limited, as a body, in accordance with the terms of our engagement letter dated 16 September 2015. Our work has been undertaken solely to prepare for your approval the financial statements of Moorland Energy Limited and state those matters that we have agreed to state to them in accordance with AAF 2/10 as detailed at icaew.com/compilation. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights against RSM UK Tax and Accounting Limited for any purpose or in any context. Any party other than the Board of Directors which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Tax and Accounting Limited will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representation in this report.

It is your duty to ensure that Moorland Energy Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of Moorland Energy Limited under the Companies Act 2006. You consider that Moorland Energy Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Moorland Energy Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

RSM UK Tax and Accounting Limited

RSM UK Tax and Accounting Limited
Chartered Accountants
Third Floor
One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

30 August 2016

MOORLAND ENERGY LIMITED

UNAUDITED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £'000	2014 £'000
Administrative expenses		(100)	(725)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(100)	(725)
Tax on loss on ordinary activities	2	-	-
		<hr/>	<hr/>
Loss for the financial year	8	(100)	(725)
		<hr/> <hr/>	<hr/> <hr/>

MOORLAND ENERGY LIMITED**UNAUDITED BALANCE SHEET
AS AT 31 DECEMBER 2015**

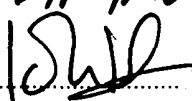
		2015		2014	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	3		1		1
Investments	4		-		-
			<u>1</u>		<u>1</u>
Current assets					
Debtors	5	415		39	
Cash at bank and in hand		186		404	
		<u>601</u>		<u>443</u>	
Creditors: amounts falling due within one year	6	(6,519)		(6,261)	
Net current liabilities			(5,918)		(5,818)
Total assets less current liabilities			<u>(5,917)</u>		<u>(5,817)</u>
Capital and reserves					
Called up share capital	7		17		17
Share premium account	8		189		189
Profit and loss account	8		(6,123)		(6,023)
Shareholders' funds			<u>(5,917)</u>		<u>(5,817)</u>

For the financial year ended 31 December 2015 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies and the members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements on pages 3 to 9 were approved by the board of directors and authorised for issue on 24/08/2016 and are signed on its behalf by:


J C Hutchinson
Director

MOORLAND ENERGY LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

Going concern

In considering going concern, the directors have considered the company's assets and future cash flows. Moorland Energy Limited is the parent company of Moorland Exploration Limited whose principal asset is a Petroleum Exploration and Development Licence, PEDL120, granted by the Department of Energy and Climate Change ("DECC") over an area of North Yorkshire. The directors of Moorland Energy Limited consider this licence to be the principal asset of the group and is the key consideration for the directors when considering the going concern status of Moorland Energy Limited.

The licence was initially awarded on the 5 April 2002. The licence was most recently extended by Deed of Variation for a period of one year in September 2015 with a termination date of September 2016. During its ownership of the licence, Moorland Exploration Limited has drilled a successful well on Ebberston Moor ("Ebberston South Find") which confirmed commercial quantities of recoverable gas in a formation bordering the PL77 Licence which is held by Viking UK Gas ("Viking"). Viking has also previously drilled a well on PL77 and discovered commercial quantities of recoverable gas in an area adjacent to the Ebberston South Find called Wykeham ("Wykeham Find"). DECC, on the 25 October 2012, issued a Notice of Determination on Oil Field 535 which opined that the Ebberston South Find and the Wykeham Find were connected and so, following discussions between Moorland and Viking, Oil Field 535 was agreed to be a joint 50:50 development by Moorland Exploration Limited and Viking to be represented by Vikings Owners ("Third Energy"). Third Energy were named as the Operator of Oil Field 535. The Operator has prepared the Field Development Plan ("FDP") which was submitted to DECC in November 2014. Thousands of FDP's have been submitted and approved and the format is a well-known, well tried and well tested process.

The FDP was granted in February 2015 subject to some planning constraints. The directors are confident that this will secure ongoing revenues for the company as the gas in Oil Field 535 is exploited with current first gas (first revenue) scheduled for Q3 2016. Whilst the directors are confident that the licence will be renewed, the directors acknowledge that non-renewal of the licence would represent a material uncertainty which may cast doubt about the company's ability to continue as a going concern. If the adoption of the going concern basis was inappropriate, adjustments, which it is not practicable to quantify, would be required, including those to write down assets to their recoverable value.

In addition to the development of the producing Oil Field 535, the directors have been in discussion with a well-capitalised entity with a view to them investing in Moorland. That entity has agreed to invest and fund the development of Oil Field 535 with heads of terms being signed. This investment also contemplates the exploitation process for the unconventional or shale gas on the remainder of the licence area held under PEDL 120 and will seek an extension to these additional areas as well.

In a letter dated 17 November 2014, the company's shareholders have confirmed subject to ongoing delivery of the company's business plan that further funding will be forthcoming, if required. Furthermore, the company has received confirmation that the repayment date for the third party loan notes, issued in the name of Moorland Exploration Limited, and related party loan notes has been extended to 20 August 2019 and rolled up interest has been curtailed in a further sign of support for the company. The directors are therefore satisfied that, as previously, the existing shareholders and lenders will remain fully supportive of its operations.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	straight-line over 3 years
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MOORLAND ENERGY LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies (Continued)

Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

These financial statements present information about the company only and not about its group. The company is the parent of a small group and is therefore exempt from the requirement to prepare consolidated financial statements.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Financial instruments

Financial instruments are classified and accounted for according to the substance of the contractual arrangement as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2 Tax on loss on ordinary activities

The company had no tax liability in the current or previous year. The company has accumulated tax losses carried forward, but has not recognised any deferred tax asset due to uncertainty with regard to recoverability.

3 Tangible fixed assets

	Plant and machinery etc £'000
Cost	
At 1 January 2015 & at 31 December 2015	33
Depreciation	
At 1 January 2015 & at 31 December 2015	32
Net book value	
At 31 December 2015	1
At 31 December 2014	1

MOORLAND ENERGY LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

4 Fixed asset investments

	Unlisted investments £
Cost and net book values	
At 1 January 2015 & at 31 December 2015	2

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Moorland Exploration Limited	England and Wales	Ordinary	100.00
Moorland Power Limited	England and Wales	Ordinary	100.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

		Capital and reserves 2015 £'000	Profit/(loss) for the year 2015 £'000
	Principal activity		
Moorland Exploration Limited	Exploration and exploitation of oil, condensates or gas.	(15,943)	(170)
Moorland Power Limited	Dormant company	1	-

5 Debtors

	2015 £'000	2014 £'000
Trade debtors	379	-
Other debtors	36	39
	415	39

6 Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Trade creditors	60	140
Amounts owed to group undertakings	6,437	6,099
Other creditors	22	22
	6,519	6,261

MOORLAND ENERGY LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

7	Share capital	2015 £	2014 £
	Allotted, called up and fully paid		
	73,336,470 A ordinary shares of £0.00001 each	733	733
	14,662,980,090 B ordinary shares of £0.00001 each	14,663	14,663
	776,276,752 C ordinary shares of £0.00001 each	776	776
	7,765,038 ordinary shares of £0.00001 each	78	78
	16,024,981 deferred ordinary shares of £0.00001 each	160	160
	3,882,519 non-voting ordinary shares of £0.00001 each	39	39
		<u>16,449</u>	<u>16,449</u>

All of the above classes of ordinary share capital carry equal rights to participation as would normally be associated with a company ordinary share capital, however the deferred ordinary shares and the non-voting ordinary shares do not carry any voting rights.

8	Reserves	Share premium account £'000	Profit and loss account £'000
	Balance at 1 January 2015	189	(6,023)
	Loss for the year	-	(100)
	Balance at 31 December 2015	<u>189</u>	<u>(6,123)</u>

9 Contingent liabilities

Under the terms of the investment agreement dated 29 July 2011, an exit fee of £226,052 is payable by the company to John Collett and Epi-V LLP as soon as all of the loan notes issued by the company's subsidiary, Moorland Exploration Limited, have been repaid and Epi-V Equity LP ceases to hold any A ordinary shares and/or any B ordinary shares in the company.

10 Control

No controlling party has been identified for the company, because Epi-V Equity LP, the majority shareholder, is unable to control a majority of voting rights by virtue of a restriction of its voting rights to 49% in the company's Articles of Association. Epi-V Equity LP does not have any other means to exert control.

MOORLAND ENERGY LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

11 Related party relationships and transactions

The company has taken advantage of the exemption from the requirement to disclose transactions with fellow group undertakings where 100% of the voting rights are controlled within the group.

J C Hutchinson, a director of the company, is a member of Epi-V LLP and of Epi-V GP LLP, which are, respectively, the manager and the general partner of Epi-V Equity LP.

Epi-V Equity LP held 72,705,133 A ordinary shares and 14,662,980,090 B ordinary shares in the company throughout the year.

In accordance with the investment agreement dated 29 July 2011, whilst Epi-V Equity LP is the registered holder of any shares in the company, the company is committed to pay Epi-V LLP an annual monitoring fee of £326,000.

There were no other related parties or related party transactions during the year.