

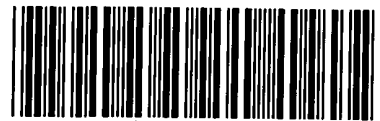
INEOS 120 Energy Limited
(formerly Moorland Energy Limited)

Annual report and financial statements

Registered number 6559929

31 December 2016

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Strategic report

The directors present their strategic report on the Company for the year ended 31 December 2016.

Review of business and future developments

This company was sold on 25 November 2016 by its shareholders to INEOS Upstream Limited. On 14 December 2016 the company's name was changed from Moorland Energy Limited to INEOS 120 Energy Limited. The directors do not expect any change in the company's activities during the next financial year.

Results and dividends

The profit before taxation was £5,877,676 (2015: loss of £100,148). The profit includes exceptional income of £5,444,889 resulting from the write off of intercompany balances between INEOS 120 Energy Limited and INEOS 120 Exploration limited, following the sale of both entities to INEOS Upstream Limited. An existing management services charge of £461,833 that was payable to the previous holding company was waived on acquisition and has been written off as exceptional income. The directors do not propose the payment of a dividend (2015: £ nil).

Strategy

This entity is being used as the holding company for INEOS 120 Exploration Limited and INEOS 120 Power Limited (dormant) and will not be actively involved in business activities.


Key performance indicators (KPIs)

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. The development, performance and position of INEOS Industries Limited which includes the Company, are discussed in INEOS Industries Limited's annual report which does not form part of this report.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of INEOS Industries Limited which include those of the Company are discussed in the group's annual report which does not form part of this report.

By order of the board



Beverley Attewell
Director
31 August 2017

Directors' report

The directors present their report and audited financial statements of the Company for the year ended 31 December 2016.

Principal activities

The principal activity of INEOS 120 Energy Limited is a holding company for INEOS 120 Exploration Limited and INEOS 120 Power Limited (dormant).

Directors

The directors who served during the year and up to the date of signing the financial statements were as follows:

J Hutchinson – resigned 25 Nov 2016
A Lambie – resigned 25 Nov 2016
G Haywood – appointed 25 Nov 2016, resigned 31 March 2017
T Pickering – appointed 25 Nov 2016
B Attewell – appointed 25 Nov 2016
A Bowden – appointed 25 Nov 2016
L Calder – appointed 23 Jan 2017

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company where appropriate. The Company is funded internally by the INEOS group and therefore has no direct exposure to liquidity or debt market risk. Interest rate exposures are managed on a group basis and are fully disclosed in the consolidated financial statements of INEOS Industries Limited.

Results and dividends

Results and dividends are discussed in the strategic report.

Future developments

Future developments are discussed in the strategic report.

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the parent company INEOS Industries Limited. The directors have received confirmation that INEOS Industries Limited intend to support the Company for at least one year after these financial statements are signed.

Health & safety

The Company has complied with all HSSE laws, regulations and permits. During the year ended 31 December 2016 activities were primarily focused on the sale of the company and so there was a limited need to comply with such laws, regulations and permits. This entity will now be used as a holding company and will not be actively involved in operational activities.

Directors' report (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the 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 of the company for that period. In preparing the 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 United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Disclosure of information to auditors

The directors confirm that as far as they are aware, there is no relevant audit information of which the Company's auditors are unaware and that they have taken all steps necessary as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP are deemed to be reappointed in accordance with an elective resolution made under section 487 of the Companies Act 2006.

Approved and signed by order of the board



Beverley Attewell
Director
31 August 2017

Registered number 6559929

Independent auditors' report to the members of Ineos 120 Energy Limited

Report on the financial statements

Our opinion

In our opinion, Ineos 120 Energy Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2016;
- the profit and loss account for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Ineos 120 Energy Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

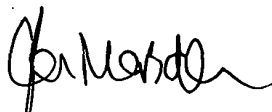
We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.

Other matter

The financial statements for the year ended 31 December 2015, forming the corresponding figures of the financial statements for the year ended 31 December 2016, are unaudited.



Ian Marsden (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
31 August 2017

Profit and Loss Account
for year ended 31 December 2016

	<i>Note</i>	2016	2015
		£000	unaudited £000
Administrative expenses		(29)	(100)
Exceptional administrative income	5	5,907	-
Profit/(loss) before taxation		5,878	(100)
Tax on profit/(loss)	6	-	-
Profit/(loss) for the financial year		5,878	(100)

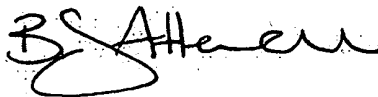
All activities of the Company relate to continuing operations.

The Company has no other comprehensive income and therefore no separate statement of comprehensive income has been presented.

Balance Sheet
At 31 December 2016

	Note	2016 £000	2015 unaudited £000
Fixed assets			
Intangible assets	7	-	1
Investments	8	-	-
Current assets			
Debtors	9	-	415
Cash at bank and in hand		1	186
		<u>1</u>	<u>601</u>
Creditors: amounts falling due within one year	10	<u>(40)</u>	<u>(6,519)</u>
Net current liabilities		<u>(39)</u>	<u>(5,918)</u>
Total assets less current liabilities		<u>(39)</u>	<u>(5,917)</u>
Net liabilities		<u>(39)</u>	<u>(5,917)</u>
Capital and reserves			
Called up share capital	12	17	17
Share Premium account		189	189
Profit and loss account		(245)	(6,123)
Total equity		<u>(39)</u>	<u>(5,917)</u>

These financial statements on pages 6 to 15 were approved by the board of directors on 31 August 2017 and were signed on its behalf by:



Beverley Attewell

Director

Company registered number: 6559929

Statement of Changes in Equity
for year ended 31 December 2016

	Called up Share capital unaudited £000	Share premium account unaudited £000	Profit and loss account unaudited £000	Total equity unaudited £000
Balance at 1 January 2015	17	189	(6,023)	(5,817)
Loss for the financial year	-	-	(100)	(100)
Balance at 31 December 2015	17	189	(6,123)	(5,917)

	Called up Share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2016	17	189	(6,123)	(5,917)
Profit for the financial year	-	-	5,878	5,878
Balance at 31 December 2016	17	189	(245)	(39)

Notes (forming part of the financial statements)

1 Accounting policies

INEOS 120 Energy Limited (the "Company") is a private company, limited by shares, incorporated and registered in England. The registered office address is Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

INEOS Industries Limited is the parent undertaking that includes the Company in its consolidated financial statements. The consolidated financial statements of INEOS Industries Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs and;
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of INEOS Industries Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share based payments;
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The accounting policies set out below have, unless otherwise stated, been applied consistently on the going concern basis, to all periods presented in these financial statements and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 14.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The Company meets its day-to-day working capital requirements through its intercompany facility with its holding company INEOS Upstream Limited. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources available to continue in operational existence for the foreseeable future as INEOS Industries Limited has confirmed that it intends to support the Company for at least one year after these financial statements are signed. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Notes (forming part of the financial statements) (continued)

1 Accounting policies (continued)

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.5 Intangible assets

Exploration and Evaluation expenditure

Pre-licence costs incurred prior to acquiring the legal rights (or a share of the legal rights) to explore an area are expensed to the income statement as they are incurred and are not subsequently capitalised.

Costs incurred to acquire the legal rights (or a share of the legal rights) to explore an area are capitalised as an intangible asset.

Costs directly associated with an exploration site are initially capitalised as an intangible asset until the evaluation of the site is complete and the results have been evaluated. These costs include topographical, geological, geophysical and geochemical studies, civil costs, exploratory drilling and testing, sampling, trenching, contractor charges, materials and fuels used, manpower and associated overheads. In the case that the expenditure will not be immediately allocated to a site, it will be capitalised against the wider licensed region and then subsequently allocated to the site using an appropriate method of apportionment. Tangible assets are initially capitalised as property, plant and equipment and these include drilling rigs, seismic equipment and other plant and machinery used in the Exploration activity.

Amortisation

When a well on a site reaches commercial production then further capitalisation of Exploration and Evaluation expenditure for the site stops and the costs associated with the site begin to be amortised over the anticipated life of the associated shale gas reserves.

Impairment of Exploration and Evaluation expenditure

Exploration and Evaluation expenditure is tested for impairment whenever circumstances suggest that it may be impaired, which includes licences to be relinquished, no substantive plans for further exploration of an area or where there is indication that exploration costs are unlikely to be fully recovered through future development or sale.

Notes (forming part of the financial statements) (continued)

1 Accounting policies (continued)

1.6 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2 Operating profit/(loss)

Auditors' remuneration:

	Year ended 2016 £000	Year ended 2015 unaudited £000
Preparation of statutory accounts	-	12

The audit fee for the year ended 31 December 2016 has been borne by INEOS Upstream Limited.

3 Staff numbers and costs

There were no employees with contracts of employment in the name of the company during the year (2015: none).

4 Directors' remuneration

None of the Directors received any fees or remuneration for services as a director of the company during the financial year (2015: none).

Notes (forming part of the financial statements) (continued)

5 Exceptional Administrative income

	Year ended 2016	Year ended 2015 unaudited
	£000	£000
Write off of intercompany balance payable	5,445	-
Write off of management services creditor payable	462	-
	<u>5,907</u>	<u>-</u>

The existing intercompany balance with INEOS 120 Exploration Limited has been written off following the acquisition of both INEOS 120 Energy Limited and INEOS 120 Exploration Limited by INEOS Upstream Limited.

The management services charge due to the previous holding company was waived by the previous holding company following the acquisition of INEOS 120 Energy Limited by INEOS Upstream Limited.

6 Tax on profit on ordinary on activities

Recognised in the profit and loss account

	Year ended 2016	Year ended 2015 unaudited
	£000	£000
UK corporation tax	-	-
Current tax on profit for the year	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

Reconciliation of effective tax rate

	Year ended 2016	Year ended 2015 unaudited
	£000	£000
Total tax expense	-	-
Profit/(loss) on ordinary activities before taxation	5,878	(100)
Profit multiplied by the average rate of tax in the UK of 20% (2015: 20.25%)	1,176	(20)
Income not taxable	(1,089)	-
Tax losses (utilised)/not recognised	(87)	20
Total tax expense	<u>-</u>	<u>-</u>

Notes (forming part of the financial statements) (continued)

7 Intangible assets

	Exploration and Evaluation expenditure £000
Cost	
Balance at 1 January 2016 - unaudited	33
Write off of balances	(33)
	<hr/>
Balance at 31 December 2016	<hr/>
Accumulated amortisation and impairment	
Balance at 1 January 2016 - unaudited	32
Write off of balances	(32)
	<hr/>
Balance at 31 December 2016	<hr/>
Net book value	
At 31 December 2015 - unaudited	1
	<hr/>
At 31 December 2016	<hr/>

8 Investments

	Shares in Group undertakings £000
Cost and net book value	
At 31 December 2015 and 31 December 2016	2
	<hr/>

The Company has the following investments in subsidiaries:

	Country of Incorporation	Class of shares held	Ownership 2016	2015
INEOS 120 Exploration Limited* (A)	England	Ordinary	100%	100%
INEOS 120 Power Limited* (A)	Scotland	Ordinary	100%	100%

*Shares held directly by the Company

The registered office addresses of the investments disclosed in this note are:

<u>Reference</u>	<u>Registered office address</u>
(A)	Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom

Notes (forming part of the financial statements) (continued)

9 Debtors

	2016 £000	2015 unaudited £000
Trade debtors	-	379
Other debtors	-	36
	<u>-</u>	<u>415</u>
	<u>-</u>	<u>415</u>
Due within one year	-	415
Due after more than one year	-	-
	<u>-</u>	<u>415</u>
	<u>-</u>	<u>415</u>

10 Creditors: amounts falling due within one year

	2016 £000	2015 unaudited £000
Trade creditors	9	60
Amounts owed to group undertakings	31	6,437
Other creditors	-	22
	<u>40</u>	<u>6,519</u>
	<u>40</u>	<u>6,519</u>

Amounts owed to group undertakings are unsecured, have no fixed repayment and are repayable on demand or with a notice period of less than a year.

11 Deferred tax assets and liabilities

The directors consider that the Company should not recognise any deferred tax asset as there is insufficient certainty over the future utilisation of its deferred tax assets. The Company has an unrecognised net deferred tax asset of £859,008 (2015: £987,440) at 31 December 2016.

Notes (forming part of the financial statements) (continued)

12 Called up share capital

	2016 £000	2015 £000 unaudited
<i>Allotted; called up and fully paid</i>		
73,336,470 A ordinary shares of £0.000001 each	1	1
14,662,980,090 B ordinary shares of £0.000001 each	15	15
776,276,752 C ordinary shares £0.000001 each	1	1
77,765,038 ordinary shares 0.00001 each	-	-
16,024,981 deferred ordinary shares of £0.000001 each	-	-
3,882,519 non-voting ordinary shares of 0.00001 each	-	-
	<u>17</u>	<u>17</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

13 Controlling parties

The immediate parent undertaking at 31 December 2016 was INEOS Upstream Limited. The ultimate parent company at 31 December 2016 was INEOS Limited, a company incorporated in Isle of Man. INEOS Industries Limited is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements. Copies of the financial statements can be obtained from the Company Secretary INEOS Industries Limited, Hawkslease, Chapel Lane, Lyndhurst, Hampshire, UK, SO43 7FG.

The directors regard Mr J A Ratcliffe to be the ultimate controlling party by virtue of his majority shareholding in the ultimate parent undertaking INEOS Limited.

14 Accounting estimates and judgements

Taxation

All the Company's operations are in the UK. Management is required to estimate the tax payable and this involves estimating the actual current tax charge or credit together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which may be included on the balance sheet of the Company. Management have performed an assessment as to the extent to which future taxable profits will allow the deferred asset to be recovered. The calculation of the Company's total tax charge necessarily involves a significant degree of estimation in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority, or, as appropriate, through a formal legal process.

The Company has, from time to time, contingent tax liabilities arising from trading and corporate transactions. After appropriate consideration, management makes provision for these liabilities based on the probable level of economic loss that may be incurred and which is reliably measurable.

Details of amounts recognised with regard to taxation are disclosed in notes 6 and 11.