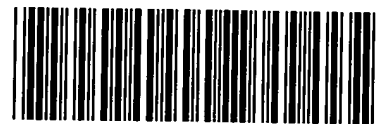


**MOORLAND ENERGY LIMITED**  
**UNAUDITED FINANCIAL STATEMENTS**  
for the year ended  
31 December 2014

Company Registration No. 06559929

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**MOORLAND ENERGY LIMITED**

**COMPANY INFORMATION**

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DIRECTORS	J C Hutchinson A S Lambie
SECRETARY	Laytons Secretaries Limited (resigned 1 September 2014)
COMPANY NUMBER	06559929
REGSITERED OFFICE	c/o EPI-V LLP Third Floor Denman House 20 Piccadilly London W1J 0DG
ACCOUNTANT	Baker Tilly Tax and Accounting Limited 3 <sup>rd</sup> Floor, One London Square Cross Lanes Guildford Surrey GU1 1UN

**MOORLAND ENERGY LIMITED**

**DIRECTORS' REPORT**  
for the year ended 31 December 2014

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The directors present their report and financial statements of Moorland Energy Limited (Company Registration No. 06559929) for the year ended 31 December 2014.

**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**

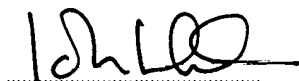
The following directors have held office since 1 January 2014:

J C Hutchinson  
A S Lambie

This report has been prepared in accordance with the provisions applicable to companies subject to section 415A of the small companies' regime of the Companies Act 2006.

This report was approved by the board of directors on 2nd October 2015

Signed on behalf of the board



J C Hutchinson  
DIRECTOR

Dated: 2nd October 2015

**MOORLAND ENERGY LIMITED****UNAUDITED PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 2014

	Notes	2014 £'000	2013 £'000
TURNOVER	2	-	1,048
Administrative expenses		(725)	(1,215)
OPERATING LOSS		<u>(725)</u>	<u>(167)</u>
Interest payable		-	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>(725)</u>	<u>(167)</u>
Taxation	5	-	-
LOSS FOR THE FINANCIAL YEAR	11	<u>(725)</u> =====	<u>(167)</u> =====

The company's turnover and operating loss are derived from its continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

## MOORLAND ENERGY LIMITED

UNAUDITED BALANCE SHEET  
as at 31 December 2014

Company Registration No. 06559929


	Notes	2014 £'000	2013 £'000
<b>FIXED ASSETS</b>			
Tangible assets	6	1	1
Investments	7	-	-
		<u>1</u>	<u>1</u>
<b>CURRENT ASSETS</b>			
Debtors	8	39	70
Cash at bank and in hand		404	694
		<u>443</u>	<u>764</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	9	(6,261)	(5,857)
<b>NET CURRENT LIABILITIES</b>		<u>(5,818)</u>	<u>(5,093)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(5,817)</u> =====	<u>(5,092)</u> =====
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	17	17
Share premium	11	189	189
Profit and loss account	11	(6,023)	(5,298)
<b>SHAREHOLDERS' DEFICIT</b>	12	<u>(5,817)</u> =====	<u>(5,092)</u> =====

For the year ended 31 December 2014, the company was entitled to exemption from audit under section 477 of the Companies Act 2006 ("the Act") relating to small companies. 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 of the Act.

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.

The financial statements on pages 3 to 11 were approved by the board of directors and authorised for issue on 2nd October 2015 and are signed on its behalf by:

  
J C Hutchinson  
DIRECTOR

Dated: 2nd October 2015

**MOORLAND ENERGY LIMITED****UNAUDITED NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2014****1 ACCOUNTING POLICIES****BASIS OF ACCOUNTING**

The financial statements have been prepared under the historical cost convention.

In accordance with FRS 18: Accounting policies, the directors have reviewed the company's accounting policies and consider that these remain appropriate.

The financial statements present information in respect of the company only and not about the group of which it is the parent undertaking. Consolidated financial statements have not been prepared as the director has taken advantage of the exemption available to the company on the basis that the group of which it is the parent undertaking falls below the size criteria for a small group.

**COMPLIANCE WITH ACCOUNTING STANDARDS**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

**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.

**MOORLAND ENERGY LIMITED**

**UNAUDITED NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2014**

**1 ACCOUNTING POLICIES (Continued)**

**GOING CONCERN (Continued)**

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.

Based on current desktop assessments, it is believed there are significant volumes of recoverable gas on the remainder of the licence. Despite the signature of the heads, the directors, to be prudent, have arranged for a business plan and cash flow forecasts for the twelve month period commencing on the date of signing these financial statements, which is based on the continued support of its existing shareholders and lenders. The company's business plan anticipates this continued financial support of its existing principal shareholder and lender. In August 2015, the company's shareholders and lenders provided a funding injection of £135,000.

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**

Tangible fixed assets are stated at cost net of depreciation. This includes the necessary costs incurred to bring the fixed assets acquired to working order. Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Plant and machinery	Straight-line over 3 years
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**MOORLAND ENERGY LIMITED****UNAUDITED NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2014****1 ACCOUNTING POLICIES (Continued)****INVESTMENTS**

The company's investments in subsidiary undertakings are carried at cost less any provisions required resulting from impairments in value.

**TURNOVER**

Turnover represents amounts derived from the provision of services to the company's subsidiary, Moorland Exploration Limited.

**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.

**PENSION COSTS**

The company makes contributions into a defined contribution pension scheme on behalf of certain employees. The amount charged to the profit and loss account in respect of pension costs is the contributions payable for the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

**2 TURNOVER**

All of the company's turnover is derived from its principal activity and wholly undertaken in the United Kingdom.

<b>3</b>	<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>2014</b>	<b>2013</b>
		<b>£'000</b>	<b>£'000</b>

The company's loss is stated after charging:

Operating lease rentals –		
Land and buildings	6	27
Depreciation –		
Owned assets	-	2
Auditor's remuneration –		
Amounts payable for external audit services	-	18
	=====	=====

**MOORLAND ENERGY LIMITED****UNAUDITED NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2014

<b>4</b>	<b>DIRECTORS' REMUNERATION</b>	<b>2014</b>	<b>2013</b>
		<b>£'000</b>	<b>£'000</b>
	Emoluments	-	109
	Employer pension contributions	-	11
	Compensation for loss of office	-	157
		<u>-</u>	<u>277</u>
		=====	=====

Pension contributions to defined contribution pension scheme were made on behalf of no directors (2013: one director), to whom pension benefits are therefore accruing.

<b>5</b>	<b>TAXATION</b>	<b>2014</b>	<b>2013</b>
		<b>£'000</b>	<b>£'000</b>
	UK CORPORATION TAX		
	Current tax on loss for the year	-	-
		<u>-</u>	<u>-</u>
	<b>CURRENT TAX CHARGE</b>	<b>-</b>	<b>-</b>
		=====	=====

**FACTORS AFFECTING THE CURRENT TAX CHARGE FOR THE YEAR**

The tax assessed for the year is higher than the standard rate of UK corporation tax of 20% (2013: 20%) as explained below:

Loss on ordinary activities before taxation	(725)	(167)
Profit on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 20% (2013: 20%)	(145)	(33)
Effects of:		
Transfer pricing adjustments	-	(105)
Unrecognised deferred tax assets	145	138
	<u>-</u>	<u>-</u>
<b>CURRENT TAX CHARGE</b>	<b>-</b>	<b>-</b>
	=====	=====

The company has a deferred tax asset in respect of estimated tax losses of £5,365,000 (2013: £4,636,000) carried forward to offset against future taxable profits. This deferred tax asset has not been recognised on the grounds of uncertainty with regard to recoverability.

During the previous year, Finance Act 2013 was enacted and included legislation to reduce the main rate of corporation tax to 20% with effect from 1 April 2015. As this change was substantively enacted at the balance sheet date and no material amount is expected to unwind prior to 1 April 2015, any deferred tax asset would be recognised at 20% in the current year.

## MOORLAND ENERGY LIMITED

UNAUDITED NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2014

6	TANGIBLE ASSETS	Plant and machinery £'000
	COST	
	1 January 2014 and 31 December 2014	33
		-----
	DEPRECIATION	
	1 January 2014 and 31 December 2014	32
		-----
	NET BOOK VALUE	
	31 December 2014	1
		=====
	31 December 2013	1
		=====
7	INVESTMENTS	Unlisted investments £
	COST & NET BOOK VALUE	
	1 January 2014 and 31 December 2014	2
		=====

The company holds more than a 20% interest in the equity share capital of the following undertakings:

Subsidiary undertakings	Country of registration or incorporation	Shares held	
		Class	%
Moorland Exploration Limited	England and Wales	Ordinary	100
Moorland Power Limited	England and Wales	Ordinary	100

The aggregate amount of capital and reserves and the results of the company's subsidiary undertakings for the last relevant financial year were as follows:

Subsidiary undertakings	Principal activity	Capital and reserves	Profit/(loss)
		£'000	for the year £'000
Moorland Exploration Limited	Exploration and exploitation of oil, condensates or gas	(15,773)	(344)
Moorland Power Limited	Dormant company	-	-
		=====	=====

**MOORLAND ENERGY LIMITED****UNAUDITED NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2014**

8	DEBTORS	2014 £'000	2013 £'000
	Other debtors	39 =====	70 =====
9	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2014 £'000	2013 £'000
	Trade creditors	140	226
	Amounts owed to group undertakings	6,099	5,441
	Other creditors	22	190
		6,261 =====	5,857 =====
10	SHARE CAPITAL	2014 £	2013 £
	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
		16,449 =====	16,449 =====

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.

11	STATEMENT OF MOVEMENTS IN RESERVES	Share premium £'000	Profit and loss account £'000
	At 1 January 2014	189	(5,298)
	Loss for the financial year	-	(725)
	At 31 December 2014	189 =====	(6,023) =====

**MOORLAND ENERGY LIMITED****UNAUDITED NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2014**

12	RECONCILIATION OF THE MOVEMENT IN SHAREHOLDERS' DEFICIT	2014 £'000	2013 £'000
	Loss for the financial year	(725)	(167)
	Net depletion in shareholders' funds	(725)	(167)
	Opening shareholders' deficit	(5,092)	(4,925)
	Closing shareholders' deficit	(5,817)	(5,092)
		=====	=====

**13 FINANCIAL COMMITMENTS**

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.

**14 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.

The immediate parent undertaking is Moorland Energy Limited, a company incorporated in England and Wales. There is no ultimate controlling party.

**15 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.

**16 RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemptions conferred by FRS 8: Related party disclosures 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.

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