

Registered number: 06811566

BOWLAND RESOURCES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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BOWLAND RESOURCES LIMITED

COMPANY INFORMATION

Directors GM Harrison (resigned 24 June 2022)
DG Jones
NJ MacLeod
RP Peace (appointed 5 August 2022)

Company secretary NJ MacLeod

Registered number 06811566

Registered office 1st Floor 20 Kingston Road
Staines-Upon-Thames
TW18 4LG

Independent auditors Deloitte LLP
2 New Street Square
London
EC4A 3HQ

BOWLAND RESOURCES LIMITED

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BOWLAND RESOURCES LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The Directors present their Strategic Report for BOWLAND RESOURCES LIMITED (the 'Company') for the year ended 31 December 2022.

Principal activities

The Company is engaged in oil and gas related activities and is evaluating its options including fulfilment of decommissioning obligations.

Business review

The financial position of the Company is presented in the Balance Sheet. Total deficit as at 31 December 2022 was £9,510,000 (2021: £8,854,000). The loss for the financial year ended 31 December 2022 was £386,000 (2021: £2,456,000). Overall the decrease in profit was due to disposal of the Company's interests in the Chiswick field which produced oil and gas in the United Kingdom.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with those of Spirit Energy Limited and its subsidiaries (the 'Group') and are not managed separately. The principal risks and uncertainties of the Group, which include those of the Company, are disclosed on pages 6-7 of the Group's Annual Report and financial statements for the year ended 31 December 2022, which does not form part of this report and are available at the address detailed in note 16 of these financial statements.

Key performance indicators ('KPI's')

The performance of the Company is included in the consolidated results of the Spirit Energy Group. The Directors of Spirit Energy Limited manage the Group on a divisional basis and use a number of KPI's to monitor progress against the Group's strategy. A discussion of the Group KPI's is on page 4 of the Group's Annual Report and financial statements for the year ended 31 December 2022, which does not form part of this report and are available at the address detailed in note 16 of these financial statements.

Given the nature of the business, the Company's Directors are of the opinion that the KPIs necessary for an understanding of the development, performance and position of the Company are net assets and profit or loss after tax, and these are shown above in the business review section.

BOWLAND RESOURCES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Section 172(1) Statement

The Board and its individual Directors consider that they have acted in good faith in the manner that is most likely to promote the success of the Company for the benefit of its members as a whole and in doing so having regard to the stakeholders and matters set out in Section 172 of the Companies Act 2006.

A Director of a Company must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- The likely consequences of any decisions in the long-term;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between shareholders of the Company.

The following paragraphs summarise how the Directors fulfil their duties:

Long-term success

From the perspective of the Company, the Directors believe that they have acted in a way that would most likely promote the long-term success of BOWLAND RESOURCES LIMITED. The Directors continually challenge the way the business works to ensure streamlined and efficient delivery to be a lean and agile business. The Directors focus on ensuring that the Company achieves industry-leading safety standards, deliver every possible barrel of production, and keep control of costs to generate superior returns and be resilient to fluctuations in commodity prices.

The Company is funded via Spirit Energy Treasury Limited and the Company has the ability to deposit and access funds as required.

In addition, the Directors note the key role the Company plays in the wider Spirit Energy Group and to Spirit Energy Limited, as parent Company. As such the principal risks and uncertainties of the Company are in line with those of the wider group. Further details are included in the Section 172(1) Statement on page 3 of the Annual Report and financial statements of Spirit Energy Limited. The Directors of the Company are members of the Spirit Energy Limited Executive Committee.

Impact of operations

The Directors recognise the need to decarbonise energy systems and accept that in the foreseeable future gas will play a significant part in that transition. The Directors' ambition is for the Company to be a top-quartile operator in terms of carbon intensity amongst its peers. The Company aims to minimise primary production emissions through improved operational efficiency, reduced flaring and fugitive leak detection and repair programmes combined with reviewing the feasibility of low-carbon electricity to supply operations. Further details are included in the Streamlined energy and carbon reporting section on pages 8-9 of the Annual Report and financial statements of Spirit Energy Limited.

The Directors recognise the impact on communities as well and within Spirit Energy various community projects have taken place during 2022. In addition, Spirit Energy have also partnered with the Scottish Association for Mental Health for a further year.

BOWLAND RESOURCES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Streamlined energy and carbon reporting (SECR)

The energy and carbon reporting of the Company is included in the consolidated results of the Group. The Directors of Spirit Energy Limited have disclosed in the Group's energy and carbon reporting on pages 8-9 of the Group's Annual Report and financial statements for the year ended 31 December 2022, which does not form part of this report and are available at the address detailed in note 16 of these financial statements.

Carbon emissions and energy usage are not disclosed at a Company level due to exemptions detailed in Para 20A of Schedule 7 of the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Future developments

It is expected that the Company will continue to be engaged in oil and gas related activities and will be evaluating its options including fulfilment of decommissioning obligation.

This report was approved by the board and signed on its behalf.

DocuSigned by:

Dennis Jones

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DG Jones

Director

Date: 1 June 2023

BOWLAND RESOURCES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the financial statements for the year ended 31 December 2022.

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 to 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

Results and dividends

The results of the Company are set out on page 11. The loss for the year, after taxation, amounted to £386,000 (*profit* (2021: £2,456,000)).

No dividends were paid during the year (2021: nil). The Directors do not recommend the payment of a final dividend (2021: £nil).

Financial risk management

The Company's financial risks are integrated within those of the Group and are not managed separately. The financial risk management of the Group are disclosed on pages 70-73 of the Group's Annual Report and financial statements for the year ended 31 December 2022, which does not form part of the report and are available at the address detailed in note 16.

BOWLAND RESOURCES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Exposure in terms of price risk, credit risk, liquidity risk and cash flow risk

Exposure to counterparty credit risk, liquidity risk and cash flow risk arises in the normal course of the Company's business. Cash forecasts identifying the liquidity requirements of the Company are produced frequently and reviewed regularly. Liquidity risk is managed through funding arrangements with Group undertakings.

Credit risk is managed through the Group continually reviewing its rating thresholds for relevant counterparty credit limits and updating these as necessary, based on a consistent set of principles. Price risks are managed through using a range of derivatives to hedge any exposures arising.

Directors

The Directors of the Company, who were in office during the year and up to the date of signing the financial statements were as follows:

GM Harrison (resigned 24 June 2022)
DG Jones
NJ MacLeod
RP Peace (appointed 5 August 2022)

Going concern

Accounting standards require that Directors satisfy themselves that it is reasonable for them to conclude whether it is appropriate to prepare the financial statements on a going concern basis. The intermediate parent company, Spirit Energy Limited confirms it will continue to provide financial support to the Company to ensure it can meet its obligations as they fall due, for at least 20 months following from 20 April 2023, provided the Company remains a member of the Group. The amounts owed to group undertakings will not be required to be repaid to Spirit Energy Limited for at least 12 months following the signing of the financial statements. Therefore, the Directors continue supporting the use of the going concern basis in preparing these financial statements.

The Group's principal risks and uncertainties are detailed in the Group's Strategic Report on pages 6-7. The Directors of the Company are satisfied that the actions and sensitivities included in the cash-flow forecasts prepared by Group adequately address the current risks and are therefore satisfied that the Group will be able to support the Company if required under all reasonably foreseeable circumstances.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

BOWLAND RESOURCES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Directors' insurance and indemnities

Spirit Energy Limited, the immediate parent undertaking of the Company, maintains Directors' and officers' liability insurance in respect of its Directors and those Directors of its subsidiary companies. Qualifying third-party indemnity provisions, as defined in Section 234 of the Companies Act 2006, were in force for the benefit of the Directors of the Company during the year and up to and including the date of the Directors' Report.

Non-adjusting events after balance sheet date

Significant events since the balance sheet date are contained in note 17 to the financial statements.

Auditors

The auditors, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

DocuSigned by:

Dennis Jones

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DG Jones

Director

Date: 1 June 2023

BOWLAND RESOURCES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BOWLAND RESOURCES LIMITED

Opinion

In our opinion the financial statements of BOWLAND RESOURCES LIMITED (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income Statement;
- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

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 Auditors' 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 (the 'FRC'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 Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have 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.

BOWLAND RESOURCES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BOWLAND RESOURCES LIMITED

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Directors are responsible for the other information contained within the Annual Report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, 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.

Auditors' 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 Auditors' 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.

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 Auditors' Report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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 considered the nature of the company's industry and its control environment, and reviewed the documentation of the policies and procedures relating to fraud and compliance with laws and regulations that has been established by the Company's ultimate parent. We also enquired of management and Directors about their own identification and assessment of the risks of irregularities including those that are specific to the company's business sector.

BOWLAND RESOURCES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BOWLAND RESOURCES LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our procedures performed to address them are described below:

Valuation of decommissioning provision pinpointed to those assumptions that the model is most sensitive. To address this fraud risk we:

- tested the mechanical accuracy of the decommissioning model;
- tested the key inputs in the decommissioning model including rates and norms, asset infrastructure, phasing, and campaigning assumptions, agreeing to external data where relevant and assessed the reasonableness of discount rate by benchmarking against 3rd party data.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

BOWLAND RESOURCES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BOWLAND RESOURCES LIMITED

Opinion 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 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 the Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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 Auditors' 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.

DocuSigned by:

Daryl Winstone

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Daryl Winstone (Senior statutory auditor)

for and on behalf of

Deloitte LLP

2 New Street Square
London
EC4A 3HQ

1 June 2023

BOWLAND RESOURCES LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
Revenue	4	-	6,932
Cost of sales	5	-	(5,392)
Gross profit		<u>-</u>	<u>1,540</u>
Operating costs	5	(224)	(278)
Operating (loss)/profit		<u>(224)</u>	<u>1,262</u>
Finance costs	8	(340)	(405)
(Loss)/profit before tax		<u>(564)</u>	<u>857</u>
Tax credit on (loss)/profit	9	178	1,599
(Loss)/profit for the financial year		<u><u>(386)</u></u>	<u><u>2,456</u></u>

The notes on pages 16 to 31 form part of these financial statements.

The above results were derived from continuing operations.

BOWLAND RESOURCES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022	<i>As restated</i>
	£000	2021
		£000
(Loss)/profit for the financial year	(386)	2,456
Items that will be reclassified to profit or loss:		
Exchange differences on translating foreign operations	(112)	(211)
Other reserve arising on common control transaction	(158)	(5,975)
	(270)	(6,186)
Total comprehensive loss for the year	(656)	(3,730)

The notes on pages 16 to 31 form part of these financial statements.

BOWLAND RESOURCES LIMITED
REGISTERED NUMBER: 06811566

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £000	As restated 2021 £000
Non-current assets			
Deferred tax assets	9	377	479
Trade and other receivables	10	486	363
Total non-current assets		863	842
Current assets			
Trade and other receivables	10	6	160
Cash at bank and in hand	11	-	69
Total current assets		6	229
Trade and other payables	12	(8,934)	(8,856)
Provisions	13	-	(1,069)
Net current liabilities		(8,928)	(9,696)
Total assets less current liabilities		(8,065)	(8,854)
Non-current liabilities			
Trade and other payables	12	(502)	-
Provisions	13	(943)	-
Net liabilities		(9,510)	(8,854)

BOWLAND RESOURCES LIMITED
REGISTERED NUMBER: 06811566

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2022

		2022	<i>As restated</i>
	Note	£000	2021
			£000
Capital and reserves			
Called up share capital	14	30,148	30,148
Share premium account	15	9,852	9,852
Foreign exchange reserve	15	(61)	51
Other reserves	15	(6,133)	(5,975)
Retained losses	15	(43,316)	(42,930)
Total deficit		(9,510)	(8,854)

The prior year comparatives have been restated following a reclassification between non-current assets and current assets. Further details are included in note 2.4.

The prior year comparatives have been restated following a reclassification between foreign exchange reserve and other reserves. Further details are included in note 2.5.

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

DocuSigned by:

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DG Jones
 Director
 Date: 1 June 2023

The notes on pages 16 to 31 form part of these financial statements.

BOWLAND RESOURCES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £000	Share premium account £000	Foreign exchange reserve £000	Other reserves £000	Retained losses £000	Total equity £000
At 1 January 2021	30,148	9,852	1,098	-	(45,386)	(4,288)
Profit for the year	-	-	-	-	2,456	2,456
Currency translation differences	-	-	(211)	-	-	(211)
Other reserve arising on common control transaction	-	-	(836)	(5,975)	-	(6,811)
Total comprehensive (loss)/income for the year	-	-	(1,047)	(5,975)	2,456	(4,566)
At 1 January 2022 (as previously stated)	30,148	9,852	887	(6,811)	(42,930)	(8,854)
Prior year adjustment - on common control transaction	-	-	(836)	836	-	-
At 1 January 2022 (as restated)	30,148	9,852	51	(5,975)	(42,930)	(8,854)
Loss for the year	-	-	-	-	(386)	(386)
Currency translation differences	-	-	(112)	-	-	(112)
Other reserve arising on common control transaction	-	-	-	(158)	-	(158)
Total comprehensive (loss)/income for the year	-	-	(112)	(158)	(386)	(656)
At 31 December 2022	30,148	9,852	(61)	(6,133)	(43,316)	(9,510)

The notes on pages 16 to 31 form part of these financial statements.

BOWLAND RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. General information

BOWLAND RESOURCES LIMITED is a private company limited by shares, incorporated and domiciled in the United Kingdom under the Companies Act 2006 and registered in England and Wales.

The address of its registered office and principle place of business is:

1st Floor 20 Kingston Road
Staines-Upon-Thames
TW18 4LG

The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 1 - 3.

2. Accounting policies

2.1 Basis of preparation of financial statements

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 issued by the Financial Reporting Council due to the results being consolidated into the group accounts of Spirit Energy Limited. The financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards and Applicable Law), including FRS 101 Financial Reporting Standard 101 'Reduced Disclosure Framework'.

2.2 Changes in accounting policies

From 1 January 2022, the following standards and amendments are effective in the Company's Financial Statements:

- Amendments to IAS 16: 'Property, Plant and Equipment' - proceeds before intended use;
- Amendments to IAS 37: 'Provisions, contingent liabilities and contingent assets' - cost of fulfilling a contract;
- Amendments to IFRS 3 'Business Combinations' – reference to the Conceptual Framework; and
- Annual Improvements to IFRS 2018-2020.

None of these changes or amendments had any material impact on the Company's financial statements.

BOWLAND RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.3 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 74A(b) of IAS 16
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

This information is included in the consolidated financial statements of Spirit Energy Limited as at 31 December 2022 and these financial statements may be obtained from the address included below in note 17.

2.4 Re-presentation of amounts owed by Group undertakings

During 2022, the Company's current receivable balances within Group undertakings were reassessed against the classification criteria of current assets as set out in 'IAS 1 'Presentation of Financial Statements' that "an entity shall classify an asset as current when it expects to realise the asset within twelve months after the reporting period". The Company reassessed the current amounts owed by Group undertakings based on expected timing and subsidiaries' intention to repay the amounts due within twelve months after the reporting date and concluded that £486,000 (2021: £363,000) of the current receivables balances as at 31 December 2022 should be classified as non-current assets; comparatives have therefore been restated as detailed in note 10.

At the same time, the Company has reassessed the presentation of the current payable balance with Group undertakings and whether these are expected to be settled within twelve months after the reporting period. However, they are contractually payable on demand from the Company's perspective, therefore due within twelve months and continue to be presented as current liabilities as detailed in note 12.

BOWLAND RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.5 Prior year restatement of reserves**

The 2021 reserves have been restated to reflect the transfer of the foreign currency translation reserve (FCTR) relating to the Chiswick asset to Spirit Energy North Sea Gas Limited. The FCTR balance of £836,000 has been transferred to other reserves inline with the treatment of the common control transaction in the prior year.

2.6 Measurement convention

The financial statements have been prepared on the historical cost basis except for derivative financial instruments and over/underlift which are measured at fair value.

2.7 Going concern

The intermediate parent company, Spirit Energy Limited (the 'Group') confirms it will continue to provide financial support to the Company to ensure it can meet its obligations as they fall due, for at least 20 months following from 20 April 2023, provided the Company remains a member of the Group. The amounts owed to group undertakings will not be required to be repaid to Spirit Energy Limited for at least 12 months following the signing of the financial statements. Therefore, the Directors continue supporting the use of the going concern basis in preparing these financial statements.

The Group's principal risks and uncertainties are detailed in the Group's Strategic Report on pages 6-7. The Directors of the Company are satisfied that the actions and sensitivities included in the cash-flow forecasts prepared by Group adequately address the current risks and are therefore satisfied that the Group will be able to support the Company if required under all reasonably foreseeable circumstances.

BOWLAND RESOURCES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****2. Accounting policies (continued)****2.8 Revenue**

The Company recognises revenue reflecting the transfer of goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue arising from the sale of produced gas is recognised as gas is supplied to a customer. In respect of oil sales, each barrel of oil is considered to be a separate in a manner consistent with energy supply contracts with the revenue recognition profile reflecting the supply of gas to the customer. In respect of oil sales, each barrel of oil is considered to be a separate performance obligation satisfied at a point in time, on delivery. The rights and obligations identifiable within a contract where the Group holds sellers' nomination rights are considered to be enforceable from inception of the contract. The transaction price for the contract will include variable consideration based on forecast production and market prices. The point at which the performance obligation is satisfied, and revenue recognised is the point at which control of the commodity passes to the customer according to the contractual trading terms, usually on shipment or delivery to a specified location.

Amounts paid in advance are treated as deferred income, with any amount in arrears recognised as accrued income. These deferred or accrued amounts are then recognised once the recognition criteria are met.

Revenue associated with production sales (of natural gas, crude oil and condensates) is recognised when the customer obtains control of the goods. For oil and natural gas, this generally occurs when the product is physically transferred into a vessel, pipe or other delivery mechanism. Revenue from the production of natural gas, oil and condensates in which the Company has an interest with other producers is recognised based on the Company's working interest and the terms of the relevant production sharing arrangements (the entitlement method). Tariff revenue from the use of the Company's platform and pipeline facilities is recognised at a point in time, when products are physically transferred into a vessel, pipe or other delivery mechanism as the customer gains control of the use of the pipeline facilities when the goods (oil and gas) are transferred into the vessel, pipe or other delivery mechanism.

2.9 Cost of sales

Cost of sales relating to gas production includes depreciation of assets used in production of gas, royalty costs and direct labour costs.

2.10 Overlift and underlift

Off-take arrangements for oil produced from joint operations are often such that it is not practical for each participant to receive or sell its precise share of the overall production during the period. This results in short-term imbalances between cumulative production entitlement and cumulative sales, referred to as overlift and underlift.

An overlift payable, or underlift receivable, is recognised at the balance sheet date within trade and other payables, or trade and other receivables, respectively, and measured at market value, with movements in the period recognised within cost of sales.

BOWLAND RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.11 Foreign currencies

These financial statements are presented in pound sterling (with all values rounded to the nearest thousand pounds (£000) except when otherwise indicated), which is also the functional currency of the Company. Operations and transactions conducted in currencies other than the functional currency are translated in accordance with the foreign currencies accounting policy set out below.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency of the Company at the rates prevailing at the balance sheet date, and associated gains and losses are recognised in the Income Statement for the year, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement within 'finance income' or 'finance cost'. All other foreign exchange gains and losses are presented in the Income Statement in the respective financial line item to which they relate.

Non-monetary items that are measured at historical cost in a currency other than the functional currency of the Company are translated using the exchange rate prevailing at the dates of the initial transaction and are not retranslated. Non-monetary items measured at fair value in foreign currencies are retranslated at the rates prevailing at the date when the fair value was measured.

Exchange adjustments arising from the retranslation of the opening net assets and results of non-sterling functional currency operations are transferred to the Company's foreign currency translation reserve included in other equity.

2.12 Finance costs

Finance costs are recognised in the Income Statement in the period in which they are incurred.

2.13 Exceptional items

Exceptional items are those items that, in the judgement of the Directors, need to be disclosed separately by virtue of their nature, size or incidence. To ensure the business performance reflects the underlying results of the Company, these exceptional items are disclosed separately in the Income Statement. Items which may be considered exceptional in nature include disposals of businesses, business restructuring, significant onerous contract charges and asset write-downs/ impairments.

BOWLAND RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.14 Taxation

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

Deferred tax is recognised in respect of all temporary differences identified at the reporting date, except to the extent that the deferred tax arises from the initial recognition of goodwill (if impairment of goodwill is not deductible for tax purposes) or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit and loss. Temporary differences are differences between the carrying amount of the Company's assets and liabilities and their tax base.

Deferred tax liabilities may be offset against deferred tax assets within the same taxable entity or qualifying local tax group. Any remaining deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits, within the same tax jurisdiction, in the foreseeable future, against which the deductible temporary difference can be utilised.

Deferred tax is provided on temporary differences except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and laws that have been enacted, or substantively enacted, by the balance sheet date. Measurement of deferred tax liabilities and assets reflects the tax consequences expected from the manner in which the asset or liability is recovered or settled.

2.15 Interests in joint arrangements and associates

Under IFRS 11, joint arrangements are those that convey joint control which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

The Company's interests in joint operations (gas exploration and production licence arrangements) are accounted for by recognising its assets (including its share of assets held jointly), its liabilities (including its share of liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

Where the Company has an equity stake or a participating interest in operations governed by a joint arrangement for which it is acting as operator, an assessment is carried out to confirm whether the Company is acting as agent or principal. As the terms and conditions negotiated between business partners usually provide joint control to the parties over the relevant activities of the gas fields that are governed by joint arrangements, the Company is usually deemed to be an agent when it is appointed as operator and not a principal (as the contracts entered into do not convey control to the parties). Accordingly, the Company recognises its equity share of assets, liabilities, revenue and expenses of these arrangements as outlined above except that it presents gross liabilities and gross receivables of the joint venture (including amounts due to or from non-operating partners) in accordance with netting requirements under IAS 32 'Financial instruments: presentation'.

BOWLAND RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.16 Trade and other receivables**

Trade receivables are amounts due from customers for gas sold in the ordinary course of business. Trade and related-party receivables are initially recognised at fair value, which for trade receivables is usually the original invoice amount and are subsequently held at amortised cost using the effective interest method (although, in practice, the discounting is often immaterial) less an impairment provision calculated under the expected credit loss model. Balances are written off when recoverability is assessed as being remote. If collection is due in one year or less, receivables are classified as current assets. If not, they are presented as non-current assets.

2.17 Cash and cash equivalents

Cash is represented by cash in hand and current accounts with financial institution. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.18 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade and related-party payables are initially recognised at fair value, which for trade payables is usually the original invoice amount and are subsequently held at amortised cost using the effective interest method (although, in practice, the discounting is often immaterial). If payment is due within one year or less, payables are classified as current liabilities. If not, they are presented as non-current liabilities.

2.19 Loans and other borrowings

All interest-bearing and interest-free loans and other borrowings are initially recognised at fair value net of directly attributable transaction costs. After initial recognition, these financial instruments are measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, discount or premium, when applicable.

BOWLAND RESOURCES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****2. Accounting policies (continued)****2.20 Decommissioning costs**

Provision is made for the net present value of the estimated cost of decommissioning oil and gas production facilities at the end of the producing lives of fields, based on price levels and technology at the balance sheet date.

When this provision relates to an asset with sufficient future economic benefits, a decommissioning asset is recognised and included as part of the associated PP&E and depreciated accordingly. If there is an indication that the new carrying amount of the asset is not fully recoverable, the asset is tested for impairment and an impairment loss is recognised where necessary, if there is insufficient economic benefit.

Changes in these estimates and changes to the discount rates are dealt with prospectively and reflected as an adjustment to the provision and corresponding decommissioning asset included within PP&E. The unwinding of the discount on the provision is included in the Income Statement within finance cost.

In circumstances where there is no decommissioning asset, or the asset is insufficient, the full asset pool would be considered. If the revision results in the asset pool being fully written down only the incremental balance would be charged to the Income Statement.

2.21 Financial instruments

Financial assets and financial liabilities are recognised in the Company's Balance Sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Company no longer has the rights to cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are de-recognised when the obligation under the liability is discharged, cancelled or expires.

2.22 Provisions for liabilities

Other provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event that can be measured reliably, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Where discounting is used the increase in the provision due to the passage of time is recognised in the Income Statement within interest expense. Onerous contract provisions are recognised where the unavoidable costs of meeting the obligation under a contract exceed the economic benefits expected to be received under it.

2.23 Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds received.

BOWLAND RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3. Critical judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

(a) Critical judgements in applying the Company's accounting policies

No other key judgements have been made by the Directors in applying the Company's accounting policies.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Decommissioning costs (note 13)

The estimated cost of decommissioning at the end of the producing lives of fields is reviewed periodically and is based on reserves, price levels and technology at the balance sheet date. Provision is made for the estimated cost of decommissioning at the balance sheet date. The payment dates of total expected future decommissioning costs are uncertain and dependent on the lives of facilities, but are currently anticipated to be incurred until 2024 (2021: 2022).

The level of provision held is also sensitive to the discount rate used to discount the estimated decommissioning costs. The real discount rate used to discount the decommissioning liabilities at 31 December 2022 is 1% (2021: 0%). There are a number of variable inputs into the calculation of discount rates including risk free interest rates and debt and equity risk premium. As a result of changes in yields on government gilts appropriate to the forecast profile of the decommissioning expenditure, it has been deemed appropriate to increase the decommissioning rate. A 1% change in this discount rate would change the decommissioning liability by approximately £9,000 (2021: £5,000).

4. Revenue

An analysis of revenue by class of business is as follows:

	2022 £000	2021 £000
Sale of gas and liquids from production	-	6,932
	<u>-</u>	<u>6,932</u>

All revenue in 2021 arose from activities in the Netherlands.

BOWLAND RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

5. Analysis of (costs)/income by nature

	2022			2021		
	Cost of sales	Operating income/(costs)	Total	Cost of sales	Operating costs	Total
	£000	£000	£000	£000	£000	£000
Transportation, distribution and metering costs	-	-	-	(3,009)	-	(3,009)
Depreciation, impairment and write-down	-	-	-	(1,534)	-	(1,534)
Foreign exchange gains/(losses)	-	31	31	-	(4)	(4)
Other	-	(255)	(255)	(849)	(274)	(1,123)
	<u>-</u>	<u>(224)</u>	<u>(224)</u>	<u>(5,392)</u>	<u>(278)</u>	<u>(5,670)</u>

BOWLAND RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

6. Directors' remuneration

The Directors of the Company are executives of the holding company, Spirit Energy Limited and are also Directors of a number of fellow group undertakings. Accordingly, no details in respect of their emoluments have therefore been included in these financial statements as they are not remunerated for their services to the Company.

The Company does not have any other employees.

7. Auditors' remuneration

The Company paid the following amounts to its auditors in respect of the audit of the financial statements provided to the Company.

	2022	2021
	£000	£000
Audit fees	<u>10</u>	<u>16</u>

8. Finance costs

	2022	2021
	£000	£000
Intercompany interest paid to Group undertaking	<u>(340)</u>	<u>(405)</u>
	<u>(340)</u>	<u>(405)</u>

BOWLAND RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

9. Taxation

	2022	2021
	£000	£000
Current tax		
UK corporation tax at 40% (2021: 40%)	205	71
Energy profits levy at 25% (2021: 0%)	75	-
UK corporation tax adjustment to prior years	-	(1,098)
Total current tax	280	(1,027)
Deferred tax		
Origination and reversal of temporary differences - UK	(50)	1,418
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(52)	1,208
Total deferred tax	(102)	2,626
Tax credit on profit	178	1,599

The main rate of corporation tax for the year ended 31 December 2022 was 19% (2021: 19%). The deferred tax assets and liabilities outside of upstream oil and gas activities included in these financial statements are based on the rate of 19%.

The increase to UK corporation tax rate to 25% as announced in 2021 took effect from 1 April 2023. This has the potential to impact the value of our deferred tax balances on non ring fence activities and the charge on UK profits from outside of upstream oil and gas activities generated in 2023 and subsequently. Spirit Energy has reviewed the impact of this change, and as we have no deferred tax balances on our balance sheet from non ring fence activities, we expect the impact of this change to be £NIL.

On 26 May 2022 the Chancellor announced the introduction of the Energy Profits Levy (EPL) representing a 25% additional 'tax' on upstream profits. On 17 November the Chancellor announced further change to EPL, increasing the rate from 25% to 35% from 1 January 2023 and the sunset date extended from 31 December 2025 to 31 March 2028. EPL has been enacted and the impact of this is included in these financial statements.

Upstream oil and gas production activities are taxed at a corporation tax rate of 30% (2021: 30%) plus a supplementary charge of 10% (2021: 10%) and an Energy Profits Levy of 25% (2021: 0%) (increased to 35% from 1 January 2023) to give an overall rate of 65% (75% from 1 January 2023) (2021: 40%). Upstream deferred tax assets and liabilities included in these financial statements are based on the rate as applicable to the underlying asset or liability having regard for their reversal profiles.

The differences between the taxes shown above and the amounts calculated by applying the standard rate of UK corporation tax to the profit before tax are reconciled below:

	2022	2021
	£000	£000
Profit on ordinary activities before tax	(564)	857
Tax on profit at standard UK corporation tax rate of 65% (2021: 40%)	366	(343)
Effects of:		
Adjustments in respect of prior years	(51)	110
Decrease from effect of different UK tax rates on some earnings	(137)	(85)
Net expenses non-deductible for tax purposes	-	1,917
Total tax credit	178	1,599

BOWLAND RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

9. Taxation (continued)

The movements in respect of the deferred income tax assets and liabilities that occurred during the financial year are as follows:

	Accelerated tax depreciation (corporation tax)	Other timing differences including losses carried forward	Other provisions	Total
	£000	£000	£000	£000
1 January 2021	(3,205)	1,656	(598)	(2,147)
(Charged)/credited to the Income Statement	3,205	(1,177)	598	2,626
31 December 2021	-	479	-	479
Credited to the Income Statement	-	(102)	-	(102)
31 December 2022	-	377	-	377

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net. A deferred tax asset of £377,000 has been recognised during the year (2021: £479,000) on the Balance Sheet because there is sufficient evidence that the tax attributes will be used against future taxable profits of the Spirit Energy Group.

BOWLAND RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Trade and other receivables

	2022		(As restated) 2021	
	Non-current	Current	Non-current	Current
	£000	£000	£000	£000
Amounts owed by Group undertakings	486	-	363	-
Prepayments and accrued income	-	-	-	161
Other receivables	-	6	-	-
	<u>486</u>	<u>6</u>	<u>363</u>	<u>161</u>

The prior year has been restated to reclassify the amounts owed by fellow Group undertakings of £363,000 as non-current assets as the balances do not meet the IAS 1 'Presentation of Financial Statements' classification criteria for current assets.

The amounts owed by Group undertakings have been presented on a gross basis as there is a right of offset against certain amounts. The other gross amounts owed by Group undertakings are interest-free. All amounts owed by Group undertakings are unsecured and repayable on demand.

The expected credit loss (ECL) on amounts due to fellow Spirit Energy Group undertakings has been calculated on the basis of a twelve-month ECL as there has been no significant increase in credit risk since the inception of the loans. The level of the ECL is considered to be immaterial as the undertakings have the financial support of Spirit Energy Limited, an intermediate parent company.

11. Cash and cash equivalents

	2022	2021
	£000	£000
Cash at bank and in hand	-	69
	<u>-</u>	<u>69</u>

12. Trade and other payables

	2022		2021
	Non-current	Current	Current
	£000	£000	£000
Amounts owed to Group undertakings	(502)	(7,915)	(7,760)
Other payables	-	(1,019)	(1,096)
	<u>(502)</u>	<u>(8,934)</u>	<u>(8,856)</u>

The amounts owed to Group undertakings have been presented on a gross basis. The amounts owed to Group undertakings are interest free, unsecured and repayable on demand.

The amounts owed to Group undertakings have been presented on a gross basis. Included within the amounts owed to Group undertakings disclosed above is a £7,915,000 payable (2021: £7,275,000 payable) that bears interest at a monthly rate between 3.00% and 5.86% (2021: between 3.02% and 3.13%). All amounts owed to Group undertakings are unsecured and repayable on demand.

BOWLAND RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

13. Provisions for other liabilities and charges

	Decommissioning provision £000
At 1 January 2022	(1,069)
Credit to the Income Statement	7
Unused provision reversed to the Income Statement	119
At 31 December 2022	(943)
Non-current	(943)

Decommissioning

£119,000 of the unused provision reversed to the Income Statement has been recognised within operating costs.

The Company has recognised provisions for its obligations to decommission its oil fields at the end of their operating lives. The provisions recognised represent the best estimate at the current reporting date of the expenditures required to settle the present obligation at the current reporting date based on existing technology and current legislation requirements. Such cost estimates expressed at current price levels at the date of the estimate are discounted using a long-term pre-tax real rate of 1% (2021: 0%).

The timing of the decommissioning payments are dependent on the lives of a number of fields but are anticipated to occur in 2024 (2021: 2022).

14. Share capital

	2022 £000	2021 £000
Authorised, allotted, called up and fully paid		
40,000,100 (2021 - 40,000,100) Ordinary shares of \$1 each	30,148	30,148

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights. They do not confer any rights of redemption. The shares issued in US Dollars have been converted at an exchange rate of £1:\$1.33.

BOWLAND RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

15. Reserves

Share premium account

Consideration received for shares issued above their nominal value net of transaction costs. This reserve is non-distributable.

Foreign exchange reserve

The foreign exchange reserve is mainly made of translation differences that arise as a result of translating the financial statement items from the functional currency into the presentational currency using the exchange rate at the reporting date, which differs from the rate in effect at the last measurement date of the respective item. The foreign exchange reserve is non-distributable.

Other reserves

This balance relates to an intragroup transfer of the Chiswick licence and the associated decommissioning liability to another Group company for nil consideration under a common control transaction. The balance represents the difference between the consideration paid and assets and liabilities disposed. This otherreserve is non-distributable.

Retained earnings

The balance classified as retained earnings includes the profits and losses realised by the Company in previous periods that were not distributed to the shareholders of the Company at the reporting date.

16. Immediate and ultimate parent undertaking

The immediate parent undertaking of the Company is Spirit North Sea Gas Limited a company registered in Scotland.

Spirit Energy Limited is the parent undertaking of the smallest group of companies for which group financial statements are drawn up and of which the Company is a member. Spirit Energy Limited, which has its registered office at 1st Floor, 20 Kingston Road, Staines-upon-Thames, England, TW18 4LG, is registered in England and Wales. Copies of Spirit Energy Limited's financial statements can be obtained from the Register of Companies for England and Wales, Companies House, Crown Way, Cardiff, CF14 3UZ.

The Company's ultimate parent undertaking and controlling entity and the largest group of which the Company is a member and for which Group accounts are prepared is Centrica plc. Centrica plc has its registered office at Millstream, Maidenhead Road, Windsor, England, SL4 5GD and is registered in England and Wales. Centrica plc's financial statements can be obtained at www.centrica.com.

17. Non-adjusting events after the balance sheet date

There are no material events to disclose subsequent to the year ended 31 December 2022.