

Marubeni Oil & Gas (North Sea) Limited

Report and Financial Statements

31 December 2017



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Registered No. SC238015

Company information

Directors

G Nienow
I Suzuki
T Morita

Secretary

T Morita

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

HSBC Bank PLC
8 Canada Square
London E14 5HQ

Registered Office

13 Queens Road
Aberdeen AB15 4YL
United Kingdom

Strategic report

The directors present their strategic report for the year ended 31 December 2017.

Business review

The Company signed a sale and purchase agreement in September 2014 for the disposal of the Magnus asset and associated infrastructure interests. The transaction completed in April 2015 in respect of the Magnus asset whilst the associated infrastructure interests completed in June 2016.

With effect 31 December 2015 the remaining assets of the Company were transferred to Marubeni Oil & Gas (U.K.) Limited. The transfer was at book value.

On 11 December 2015 the Company entered into an agreement with Marubeni North Sea Limited for the sale and purchase of shares in Marubeni Oil & Gas (U.K.) Limited. The consideration of \$35 million was left outstanding on completion and settled by a share cancellation in December 2016.

A final distribution was made in December 2017 and the Company will become dormant.

The profit for the year, after taxation, is \$117,303 (2016: \$730,617).

The Company's key financial and other performance indicators during the year were as follows:

	2017 \$'000	2016 \$'000	Change %
Turnover	0	0	0
Operating profit	79	769	(90)
Profit for the year	117	731	(84)

There was no turnover as the producing assets of the company were transferred to Marubeni Oil and Gas (U.K) Ltd in December 2015.

Operating profit for the year was lower due to the transaction completion in 2016.

Strategic report (continued)

Principal risks and uncertainties

The business assets and liabilities of the Company was transferred to Marubeni Oil & Gas (U.K.) Limited on 31 December 2015.

By order of the board

A handwritten signature in black ink, appearing to read 'T Morita', is positioned above the printed name and title.

T Morita

Secretary

28 February 2018

Directors' report

Registered No. SC238015

The directors present their report and financial statements for the year ended 31 December 2017.

Directors of the Company

The current directors are listed on page 1.

There are no directors' interests requiring disclosure under the Companies Act 2006.

The ultimate parent undertaking has granted an indemnity to all directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Results and dividends

The profit for the year, after taxation, is \$117,303 (2016: \$730,617). Dividends of \$117,303 were paid during the year (2016: \$730,617).

Going concern

After making enquires, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the report and financial statements.

Financial Instruments

The Company financed its activities with a cash.

- Use of derivatives

All of the Company's open derivative position were novated to a fellow subsidiary Marubeni Oil & Gas (U.K) Limited on 31 December 2015. There are currently no open derivative positions.

Directors' report (continued)

Events since the balance sheet date

There were no post balance sheet events for which disclosure is required.

Political contributions

The Company made no political contributions during the year.

Disclosure of information to auditors

So far as each person who was a director at the date of approving the report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Re-appointment of auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and therefore Ernst & Young LLP will continue in office as auditor of the Company.

By order of the Board



T Morita

Secretary

28 February 2018

Statement of Directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable UK 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 proper accounting records that 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.

Independent auditor's report

to the members of Marubeni Oil & Gas (North Sea) Limited

Opinion

We have audited the financial statements of Marubeni Oil & Gas (North Sea) Limited for the year ended 31 December 2017 which comprise the Statement of comprehensive income, the Statement of changes in equity and the Balance Sheet and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditor's report

to the members of Marubeni Oil & Gas (North Sea) Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in 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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report

to the members of Marubeni Oil & Gas (North Sea) Limited (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken 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 <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Ernst & Young LLP

William Binns (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

28-2-18

Statement of comprehensive income

for the year ended 31 December 2017

	<i>Notes</i>	<i>2017</i> \$	<i>2016</i> \$
Turnover		-	-
Cost of sales		-	461,591
Gross profit		-	461,591
Administrative expenses		79,213	(366,566)
Other operating expenses		-	-
Profit on disposal	4	-	673,480
Operating profit	5	79,213	768,505
Interest receivable and similar income	7	-	202
Profit on ordinary activities before taxation		79,213	768,707
Taxation	8	38,090	(38,090)
Profit for the year		117,303	730,617
Other comprehensive income			
Items that can be reclassified to profit or loss:			
Cash flow hedges:			
• Profits (Losses) arising during the year		-	-
		-	-
Tax on items relating to components of other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		117,303	730,617

Statement of changes in equity

for the year ended 31 December 2017

	Notes	Called up share capital \$	Cash flow hedge reserve \$	Retained earnings \$	Total Equity \$
At 1 January 2016		35,922,300	-	20,730,955	56,653,255
Profit for the year		-	-	730,617	730,617
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	730,617	730,617
Dividends paid		-	-	(730,617)	(730,617)
Return of capital		-	-	(19,064,051)	(19,064,051)
Cancellation of shares		(35,922,298)	-	-	(35,922,298)
At 31 December 2016		2	-	1,666,904	1,666,906
Profit for the year		-	-	117,303	117,303
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	117,303	117,303
Dividend paid		-	-	(117,303)	(117,303)
Return of capital	12	-	-	(1,666,904)	(1,666,904)
At 31 December 2017		2	-	-	2

Balance sheet

as at 31 December 2017

	Notes	2017 \$	2016 \$
Current assets			
Debtors	10	2	-
Cash at bank		-	1,895,981
		<u>2</u>	<u>1,895,981</u>
Creditors: amounts falling due within one year	11	-	229,075
		-	<u>229,075</u>
Net current assets		<u>2</u>	<u>1,666,906</u>
Total assets less current liabilities		2	1,666,906
Net assets		<u>2</u>	<u>1,666,906</u>
Capital and reserves			
Called up share capital	12	2	2
Retained earnings		-	1,666,904
Total equity		<u>2</u>	<u>1,666,906</u>

Approved by the Board of Directors on and signed on their behalf by:



I Suzuki
Director

28 February 2018

Notes to the financial statements

as at 31 December 2017

1 Authorisation of financial statements and compliance with FRS 101

The financial statements of Marubeni Oil & Gas (North Sea) Limited (the "Company") for the year ended 31 December 2017, were authorised for issue by the board of directors on 28 February 2018 and the balance sheet was signed on the board's behalf by I Suzuki. Marubeni Oil & Gas (North Sea) Limited is a private limited company (limited by shares) incorporated in Scotland.

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

The Company's financial statements are presented in US Dollars.

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

2 Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, in US Dollars, and in accordance with applicable UK accounting standards.

The directors consider it appropriate to prepare the accounts on a going concern basis, since the Company has adequate resources to continue in operational existence for the foreseeable future.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2017.

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

- a) the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of:
 - (i) paragraph 79(a) (iv) of IAS 1 *Presentation of Financial Statements*;
 - (ii) paragraph 73(e) of IAS 16 *Property, Plant and Equipment*;
 - (iii) paragraph 118(e) of IAS 38 *Intangible Assets*;
- b) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 *Presentation of Financial Statements*;
- c) the requirements of IAS 7 *Statement of Cash Flows*;
- d) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*
- e) the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*;
- f) 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; and
- g) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets*; and
- h) the requirements of paragraphs 33(c) of IFRS 5 *Non current Assets Held for Sale and Discontinued Operations*.

Notes to the financial statements

as at 31 December 2017

2 Accounting policies (continued)

Revenue

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

The Company's turnover is attributable to one continuing activity, the production of oil and natural gas.

Revenues from the production of oil and natural gas relating to properties in which the Company has an interest with other producers are recognised when title passes to the customer and on the basis of the Company's working interests in those properties (the entitlement method).

Under/overlift balances represents the difference between production sold and the Company's share of production in properties in which the Company has an interest with other producers. Adjustments in respect of under/overlift are recorded against cost of sales and working capital balances at market value.

Income taxes

Current tax (for both corporate tax and petroleum revenue tax) is based on taxable profit for the period. Taxable profit differs from accounting profit because it excludes items of income or expenditure which are taxable or deductible in other periods and it excludes items of income or expenditure which are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss.

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Notes to the financial statements

as at 31 December 2017

2 Accounting policies (continued)

Income taxes (continued)

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Foreign currencies

The Company's financial statements are presented in US Dollars, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the average monthly exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date.

All exchange gains and losses on settlement or translation at closing rates of exchange of monetary assets and liabilities are included in the determination of profit or loss for the period.

Notes to the financial statements

as at 31 December 2017

2 Accounting policies (continued)

Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Decommissioning

The Company makes full provision for the future costs of decommissioning oil and gas production facilities on a discounted basis on the acquisition or installation of those facilities. The amount recognised is the present value of the estimated future expenditure determined in accordance with the local conditions and requirements.

A corresponding tangible fixed asset of an amount equivalent to the provision is also created and recognised with the oil and gas properties. This is subsequently depreciated as part of the capital costs of the production and transportation facilities.

Changes in the estimated timing or cost of decommissioning are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to oil and gas assets.

Financial Instruments

1) Financial Assets

Cash at bank

Cash at bank in the balance sheet comprises cash at banks including any short term deposits..

2) Derivative financial instruments

The Company uses derivative financial instruments ("derivatives") to reduce certain of its exposures to changes in commodity prices. The Company considers that its derivative instruments are used solely to hedge price exposures on its underlying oil production. More specifically, for commodity price contracts, the derivative instrument must be in respect of expected production volumes for the relevant period and the contract must reduce the Company's exposure to the risk of commodity price movements.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

Gains or losses arising from changes in the fair value of derivatives that are not designated as effective hedging instruments are recognized in profit or loss for the year.

Notes to the financial statements

as at 31 December 2017

2 Accounting policies (continued)

Financial Instruments (continued)

2) Derivative financial instruments (continued)

Cash flow hedges

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction. The Company's oil price swaps are classified as cash flow hedges.

Hedge relationships are formally designated and documented at inception, together with the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged, and how the entity will assess the hedging instrument effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged item. Such hedges are expected at inception to be highly effective in achieving offsetting changes in fair value or cash flows.

For hedges meeting the criteria for hedge accounting as cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised within other comprehensive income, while the ineffective portion is recognised in the profit and loss account as other operating expenses. Amounts taken to other comprehensive income are transferred to the profit and loss account when the hedged transaction affects profit or loss. The gain or loss relating to the effective portion of oil swaps hedging commodity prices is recognised in the profit and loss account within interest payable and similar charges

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to the profit and loss account. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

Fair values

The fair value of financial instruments that are traded in active markets at the reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Notes to the financial statements

as at 31 December 2017

2 Accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

3 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 8.

Estimates and assumptions

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

Recovery of deferred tax assets

Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations and judgements about the application of existing tax laws in the jurisdiction where the Company operates. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the reporting date could be impacted.

Notes to the financial statements

as at 31 December 2017

4 Profit (Loss) on disposal

	2017	2016
	\$	\$
Profit on disposal of tangible fixed assets	-	673,480
	-	673,480

The gain on disposal of tangible fixed assets in 2016 relates to the sale of the Company's interest in the infrastructure of Sullom Voe Terminal and Ninian Pipeline System.

5 Operating profit

This is stated after (crediting) charging:

	2017	2016
	\$	\$
Cost of sales	-	461,591
Auditor's Remuneration – audit of financial statements	-	-
Net foreign currency exchange (gain)/loss	(79,326)	366,426

Cost of sales in 2016 includes an actualisation of cost as advised by the operator.

6 Staff costs and directors' remuneration

There were no employees during the period (2016: nil).

No remuneration was paid to the directors in respect of their services to the Company in 2017 (2016: \$nil).

The directors G Nienow and T Morita are senior executives of, and are remunerated by Marubeni North Sea Ltd and received no remuneration for services to this Company. The director I Suzuki is a senior executive of, and is remunerated by Marubeni Corporation Tokyo and received no remuneration for services to this Company.

Notes to the financial statements

as at 31 December 2017

7 Interest receivable and similar income

	2017	2016
	\$	\$
Bank interest receivable	-	2
Other interest receivable	-	200
Total interest income for financial assets measured at amortised cost	-	202
Total Interest receivable and similar income	-	202

8 Tax

(a) Tax on profit on ordinary activities

The total tax (credit)/charge is made up as follows:

	2017	2016
	\$	\$
Current tax:		
Group relief	-	38,090
Current income tax charge	-	38,090
Adjustments in respect of prior periods	(38,090)	-
Total current income tax	(38,090)	38,090
Deferred tax:		
Total deferred tax	-	-
Total tax (credit)/charge reported in profit or loss	(38,090)	38,090

Notes to the financial statements

as at 31 December 2017

8 Tax (continued)

(b) Tax relating to items charged or credited to other comprehensive income

	2017	2016
	\$	\$
Deferred tax:		
Total deferred tax	-	-
Tax income (expense) in other comprehensive income	-	-

(c) Reconciliation of the total tax charge

The tax assessed on the profit on ordinary activities for the year is lower than effective combined corporation tax rate of 19.25% (2016: 40%). The differences are reconciled below:

	2017	2016
	\$	\$
Profit on ordinary activities before tax	79,213	768,707
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.25% (2016 : 40%)	15,249	307,483
Expenses not deductible for tax purposes	-	-
Petroleum revenue tax (PRT)	-	-
Disposal of asset	-	(269,393)
Prior year adjustment	(38,090)	-
Group Relief current year	(15,249)	-
Total tax (credit)/charge reported in profit or loss	(38,090)	38,090

9 Dividends

	2017	2016
	\$	\$
Dividends declared and paid	117,303	730,617

Notes to the financial statements

as at 31 December 2017

10 Debtors

	2017	2016
	\$	\$
Amounts due from fellow subsidiaries	2	-
	<u>2</u>	<u>-</u>

11 Creditors: amounts falling due within one year

	2017	2016
	\$	\$
Amounts due to fellow subsidiary	-	229,075
	<u>-</u>	<u>229,075</u>

12 Share capital

<i>Authorised</i>	2017	2017	2016	2016
	No.	\$	No.	\$
Ordinary shares of £1 each	600,000	1,073,000	600,000	1,073,000
Redeemable ordinary shares of \$1 each	35,000,000	35,000,000	35,000,000	35,000,000
		<u>36,073,000</u>		<u>36,073,000</u>
<i>Allotted, called-up and fully paid</i>	2017	2017	2016	2016
	No.	\$	No.	\$
Ordinary shares of £1 each	1	2	1	2
Redeemable ordinary shares of \$1 each	-	-	-	-
		<u>2</u>		<u>2</u>

On 13 December 2016 the Company cancelled ordinary share capital of 35,000,000 and redeemable of 574,999. \$35,000,000 was in respect of a parent company receivable, \$19,986,349 was in respect of a capital repayment and a dividend of \$730,617 was paid.

On 19 May 2017 the Company made a capital repayment of \$1,500,000 to Marubeni North Sea Limited, its immediate parent.

On 28 December 2017 the Company made an additional capital repayment of \$166,904 and dividend of \$117,303.

13 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to \$Nil (2016: \$Nil).

Notes to the financial statements

as at 31 December 2017

14 Related Party Transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries that are part of the Marubeni Corporation group.

There were no other related party transactions in the year.

15 Ultimate parent undertaking

The immediate parent undertaking of the Company is Marubeni North Sea Limited.

The ultimate parent undertaking of the Company for which financial statements are drawn up, and of which the Company is a member, is Marubeni Corporation, a company registered in Japan. Copies of Marubeni Corporation's financial statements can be obtained from the Marubeni Oil & Gas (North Sea) Limited registered office.