Registered number: 09856429

NOBEL OIL E&P NORTH SEA LIMITED
STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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Nobel Oil E&P North Sea Limited
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Nobel Oil E&P North Sea Limited
Strategic Report
For The Year Ended 31 December 2023

The directors present their strategic report for the year ended 31 December 2023.

Review of the Business
The Company's revenues from the North Sea business were $13.2 million (2022: $15.9 million). The Company continued to pursue a number of inorganic business development options with a focus on growing and diversifying its North Sea portfolio. However, the UK government's introduction of the Energy Profits Levy in 2022 has lifted the UK tax rate to 75%.

The Company will continue working with its co-venturers and TotalEnergies as the operator to maximise/optimise production from the existing wells and drill new wells in the Maclure, Ballindalloch and Dunnottar oil fields as well as progress the future gas blowdown project.

As noted above, the UK government's introduction of the EPL effectively raising the tax rate to 75% has had a chilling impact on the Company's future prospects in the UKCS. The Company is now reconsidering its future strategy in respect of the North Sea.

Principal Risks and Uncertainties
The Company is generally exposed to the risks inherent in the global oil and gas markets of pricing and regulation. The Company's principal risks could prevent the business from executing its strategy and creating shareholder value.
Significant risks during 2023 were:

- Oil price shocks;
- Market disruptions and collateral damage caused by the Russian-Ukrainian war and sanctions;
- Production downtime in the Maclure, Ballindalloch and Permian fields;
- Lack of co-venturer support to continue production from and progress development of the Maclure, Ballindalloch and Dunnottar fields;
- Acceleration of cessation of production on the Gryphon FPSO; and
- Unexpected and significant changes to the tax rates and policies.

Significant risks in 2024 are:

- Oil price shocks;
- Market disruptions and collateral damage caused by the Russian-Ukrainian war and sanctions;
- Production downtime in the Maclure, Ballindalloch and Permian fields;
- Lack of co-venturer support to continue production from and progress development of the Maclure, Ballindalloch and Dunnottar fields;
- Acceleration of cessation of production on the Gryphon FPSO; and
- Unexpected and significant changes to the tax rates and policies.

On behalf of the board

Lawrence Bates
Lawrence Bates (Dec 19, 2024 08:48 CST)

Mr Lawrence Bates
Director

The directors present their report and the financial statements for the year ended 31 December 2023.

Principal Activity
The principal activity of the Company continued to be that of extraction of crude petroleum and natural gas.

Directors
The directors who held office during the year were as follows:

Mr Lawrence Bates

Mr Imran AHMADZADA Appointed 12/05/2023

Statement of Directors' Responsibilities
The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 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 may differ from *legislation in other jurisdictions.*

On behalf of the board

Lawrence Bates
Lawrence Bates (Dec 19, 2024 08:48 CST)

Mr Lawrence Bates
Director

Nobel Oil E&P North Sea Limited
Profit and Loss Account
For The Year Ended 31 December 2023

	Notes	2023 $'000s	2022 $'000s
TURNOVER	**3**	**13,322**	**15,851**
Cost of sales		(6,797)	(7,404)
GROSS PROFIT		**6,525**	**8,447**
Administrative expenses		(1,977)	(1,984)
OPERATING PROFIT	**4**	**4,548**	**6,463**
Other interest receivable and similar income	**6**	13	5
Interest payable and similar charges	**7**	(1,924)	(1,493)
PROFIT BEFORE TAXATION		**2,637**	**4,975**
Tax on Profit	**8**	(3,278)	(5,729)
LOSS AFTER TAXATION BEING LOSS FOR THE FINANCIAL YEAR		(641)	(754)

The notes on pages 8 to 12 form part of these financial statements.

Nobel Oil E&P North Sea Limited
Statement of Comprehensive Income
For The Year Ended 31 December 2023

	2023 $'000s	2022 $'000s
LOSS FOR THE FINANCIAL YEAR	(641)	(754)
OTHER COMPREHENSIVE INCOME FOR THE YEAR	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(641)	(754)

Nobel Oil E&P North Sea Limited
Balance Sheet
As At 31 December 2023

Registered number: 09856429

	Notes	2023 $'000s	2023 $'000s	2022 $'000s	2022 $'000s
FIXED ASSETS					
Intangible Assets	**9**		5,146		5,146
Tangible Assets	**10**		5,516		8,379
			10,662		**13,525**
CURRENT ASSETS					
Stocks	**11**	48		17	
Debtors	**12**	9,397		18,192	
Cash at bank and in hand		3		492	
		9,448		**18,701**	
Creditors: Amounts Falling Due Within One Year	**13**	**(4,974)**		**(3,310)**	
NET CURRENT ASSETS			**4,474**		**15,391**
TOTAL ASSETS LESS CURRENT LIABILITIES			**15,136**		**28,916**
Creditors: Amounts Falling Due After More Than One Year	**14**		**-**		**(13,000)**
PROVISIONS FOR LIABILITIES					
Provisions For Charges			(5,340)		(5,263)
Deferred Taxation	**15**		(1,785)		(2,001)
NET ASSETS			**8,011**		**8,652**
CAPITAL AND RESERVES					
Called up share capital	**16**		16,000		16,000
Profit and Loss Account			(7,989)		(7,348)
SHAREHOLDERS' FUNDS			**8,011**		**8,652**

For the year ending 31 December 2023 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

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

On behalf of the board

Lawrence Bates

Lawrence Bates (Dec 19, 2024 08:48 CST)

Mr Lawrence Bates
Director

The notes on pages 8 to 12 form part of these financial statements.

Nobel Oil E&P North Sea Limited
Statement of Changes in Equity
For The Year Ended 31 December 2023

	Share Capital	Profit and Loss Account	Total
	$'000s	$'000s	$'000s $
As at 1 January 2022	16,000	(6,594)	9,406
Loss for the year and total comprehensive income	-	(754)	(754)
As at 31 December 2022 and 1 January 2023	16,000	(7,348)	8,652
Loss for the year and total comprehensive income	-	(641)	(641)
As at 31 December 2023	16,000	(7,989)	8,011

1. General Information

Nobel Oil E&P North Sea Limited is a private company, limited by shares, incorporated in England & Wales, registered number 09856429. The registered office is 3 Orchard Place, London, SW1H 0BF.

2. Accounting Policies

2.1. Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

The financial statements are prepared in US dollars, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest $'000.

2.2. Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Crude oil, natural gas and natural gas liquids

Revenue from contracts with customers is recognised when or as the Company satisfies a performance obligation by transferring a promised good to a customer. A good is transferred when the customer obtains control of that good. The transfer of control of oil, natural gas and natural gas liquids by the Company usually coincides with title passing to the customer and the customer taking physical possession. The Company satisfies its performance obligations at a point in time and has no performance obligations that are satisfied over time. Under the Company's joint operation arrangements, revenue is recognised according to the actual liftings. However, where liftings do not match working interest or entitlement interest, an adjustment is made to cost of sales representing the amount due to/from joint venture partners representing over / underlift movements.

2.3. Intangible Fixed Assets and Amortisation - Goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

2.4. Tangible Fixed Assets and Depreciation

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Depreciation and depletion for oil and gas production equipment, properties and wells is calculated on the unit of production method over proved developed oil and gas reserves.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss .

Plant & Machinery	Unit of Production

2.5. Stocks and Work in Progress

Stocks, except for petroleum products, are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Petroleum products and under lifts and over lifts of crude oil are measured at net realisable value, and included in inventories and other debtors or creditors respectively.

2.6. Cash and Cash Equivalents

Cash and cash equivalents are basic financial assets and include cash in hand and deposits held at call with banks, other short-term highly liquid investments that mature in no more than three months from the date of acquisition and are readily convertible to a known amount of cash with insignificant risk of change in value, and bank overdrafts.

2.7. Foreign Currencies
Transactions in currencies other than US dollars are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2.8. Taxation
The tax charge for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the United Kingdom. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

3. Turnover
Analysis of turnover by geographical market is as follows:

	2023 $'000s	2022 $'000s
United Kingdom	13,322	15,851
	13,322	15,851

4. Operating Profit
The operating profit is stated after charging:

	2023 $'000s	2022 $'000s
Depreciation of tangible fixed assets	2,863	4,050

5. Average Number of Employees
Average number of employees, including directors, during the year was: NIL (2022: NIL)

6. Interest Receivable and Similar Income

	2023 $'000s	2022 $'000s
Bank interest receivable	13	5

7. Interest Payable and Similar Charges

	2023 $'000s	2022 $'000s
Foreign exchange charges	173	(56)
Other finance charges	1,751	1,549
	1,924	1,493

8. Tax on Profit

The tax charge on the profit for the year was as follows:

	Tax Rate 2023	Tax Rate 2022	2023 $'000s	2022 $'000s
Current tax				
UK Corporation Tax	23.5%	19.0%	3,630	1,470
Deferred Tax				
Deferred taxation			(352)	4,259
Total tax charge for the period			3,278	5,729

The actual charge for the year can be reconciled to the expected charge for the year based on the profit and the standard rate of corporation tax as follows:

	2023 $'000s	2022 $'000s
Profit before tax	2,637	4,975
Tax on profit at 23.5% (UK standard rate)	619	945
Expenses not deductible for tax purposes	96	-
Capital allowances	(62)	(131)
Difference in tax rates	2,349	5,439
Deferred tax from unrecognised timing difference from a prior period	276	(524)
Total tax charge for the period	3,278	5,729

Legislation was introduced in UK Finance Act 2021 to increase the main rate of UK corporation tax for non-ring fence profits from 19 per cent to 25 per cent from 1 April 2023. This change does not have a material impact on the Group as the UK profits are primarily subject to the UK ring fence tax rate. The tax expense reconciliation has been prepared based on the blended standard rate of corporation tax of 23.50% (2022: 19.00%).

UK oil and gas production is taxed at a rate of 30 percent (2022: 30 per cent), a supplementary charge of 10 per cent (2022: 10 per cent), and the Energy Profits Levy ("EPL") of 35 per cent (2022: 25 per cent effectively only from 26 May 2022) to give an overall tax rate of 75 per cent (2022: 65 per cent). The future effective tax rate is impacted by the mix of jurisdictions in which the Company operates. The UK statutory tax rate for oil and gas production operations is expected to remain a primary influence on the effective tax rate. The Energy Profits Levy at the 35 per cent rate will be in place until 31 October 2024 and then 38% thereafter to 31 March 2030.

The UK Ring Fence corporation tax rate is 30% and the supplementary charge rate is 10%. 2022 saw the introduction of the UK Energy Profits Levy ("EPL"), which was subsequently increased and extended, taking the UK North Sea headline tax rate to 75 per cent until 31 October 2024 and 78% thereafter to 31 March 2030. UK Ring Fence deferred tax has been calculated at a rate of 40% and at 35% for the EPL element.

9. Intangible Assets

	Goodwill $'000s
Cost	
As at 1 January 2023	5,146
As at 31 December 2023	5,146
Net Book Value	
As at 31 December 2023	5,146
As at 1 January 2023	5,146

10. Tangible Assets

	Plant & Machinery $'000s
Cost	
As at 1 January 2023	35,809
As at 31 December 2023	35,809
Depreciation	
As at 1 January 2023	27,430
Provided during the period	2,863
As at 31 December 2023	30,293
Net Book Value	
As at 31 December 2023	5,516
As at 1 January 2023	8,379

11. Stocks

	2023 $'000s	2022 $'000s
Finished goods	48	17

12. Debtors

	2023 $'000s	2022 $'000s
Due within one year		
Trade debtors	278	542
Amounts owed by group undertakings	7,952	17,088
Other debtors	1,167	562
	9,397	18,192

13. Creditors: Amounts Falling Due Within One Year

	2023 $'000s	2022 $'000s
Trade creditors	1,766	1,483
Amounts owed to group undertakings	254	254
Amounts owed to participating interests	763	-
Corporation tax	1,578	1,470
Taxation and social security	433	-
Accruals and deferred income	180	103
	4,974	3,310

14. Creditors: Amounts Falling Due After More Than One Year

	2023 $'000s	2022 $'000s
Amounts owed to group undertakings	-	13,000

15. Deferred Taxation

The provision for deferred tax is made up as follows:

	2023 $'000s	2022 $'000s
Other timing differences	1,785	2,001

16. Share Capital

	2023 $'000s	2022 $'000s
Allotted, called up and fully paid		
16,000,100 Ordinary Shares of £ 1 each	16,000	16,000

17. Reserves

At 31 December 2023, the provision for the costs of decommissioning the Company's oil and natural gas production facilities and pipelines at the end of their economic lives was $5,340,000 (2022: $5,263,000). These costs are expected to be incurred over the next 11 years. The provision has been estimated using existing technology, at current prices and discounted using a risk free rate of 1.32% for North Sea costs. An inflation rate of 2.0% has been used in the calculation of the decommissioning provision. The movement in the provision represents the accretion cost.

18. Controlling Parties

The ultimate parent undertaking and the smallest and largest UK group to consolidate these financial statements is Nobel Oil E&P (UK) Limited. Copies of the Nobel Oil E&P (UK) Limited consolidated financial statements can be obtained from the Company Secretary at 48 Dover Street, London W1S 4FF, United Kingdom. Nobel Oil E&P (UK) Limited's immediate controlling party is Neqsol Holding B.V. a company registered in the Netherlands with company registration number 863828772

The company's ultimate controlling party is Nasib Jabbar oglu Hasanov by virtue of his 100% ownership of the share capital of Neqsol Holding B.V.