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ONE-DYAS EOG LIMITED (formerly known as DYAS EOG LIMITED)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

ONE-DYAS EOG LIMITED

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ONE-DYAS EOG LIMITED

COMPANY INFORMATION

DIRECTORS	M Q Hickin (until 1 April 2019) P J Waaijer (until 1 April 2019) R J Baurdoux A E Thompson (until 1 April 2019) A F D Berger (from 1 April 2019) C H de Ruyter van Steveninck (from 1 April 2019)
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REGISTERED NUMBER	SC005122
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REGISTERED OFFICE	5th Floor 1 Exchange Crescent Conference Square Edinburgh Lothian EH3 8UL
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INDEPENDENT AUDITORS	KPMG LLP Chartered Accountants 15 Canada Square London E14 5GL
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ONE-DYAS EOG LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the Strategic Report of Dyas EOG Limited (the "company") for the year ended 31 DECEMBER 2018.

IMPORTANT EVENTS DURING THE YEAR AND AFTER YEAR CLOSING

On 19th of December 2018 ONH B.V., SHV Nederland B.V. and Oranje Nassau Energy B.V. signed an agreement to merge the Dyas and Oranje Nassau Energy businesses. The closing of this transaction took place on 01-04-2019. On 01-04-2019 Dyas EOG Limited was renamed into ONE-Dyas EOG Limited.

In order to simplify the ONE-Dyas structure, ONE-Dyas EOG Limited as seller (ONE-Dyas EOG) and ONE-Dyas UK Limited as purchaser (ONE-Dyas UK) entered into a sale and purchase agreement on 26 August 2019 whereby ONE-Dyas EOG will sell and transfer its interests in Buzzard to ONE-Dyas UK. We aim to complete the transaction in November 2019. As from that moment on, ONE-Dyas UK is the only ONE-Dyas entity holding an interest in Buzzard.

DEVELOPMENT AND PERFORMANCE

During 2018 oil prices increased further and reached a maximum of USD 85/bbl mid October. The average crude oil price for the year was USD 70,9/bbl against an average crude oil price of USD 54/bbl in 2017.

The operations of the Buzzard field developed in a satisfactory manner with continuous good reservoir management.

Turnover increased to GBP 110,0 million (2017 GBP 103,9 million) as a result of the increased oil price. The Buzzard field is maturing with a natural annual decline in oil production due to increasing water breakthrough in the producers. Despite this natural decline and an unplanned shutdown of the export pipelines ONE-Dyas EOG Limited produces 1,864,000 boe (2017 2,300,000 boe) from Buzzard.

The operator and joint venture partners continue with plans to extend the economic life of the Buzzard field and took a final investment decision for Buzzard phase 2. This is a subsea tie-back development of the northern part of the field.

PRINCIPAL RISKS AND UNCERTAINTIES

Operational risk

The main risks of the company lie in the production processing and transportation of oil and gas. Operations are carried out by qualified operators on behalf of parties on the basis of joint operating agreements. Operations are carried out in accordance with strict laws and regulations, and good industry and oil field practice. Adherence to these laws and regulations is closely observed by governments and parties involved. However, technical failures and human negligence cannot be 100% precluded. Another risk is the increase of future decommissioning costs of production facilities.

The key risks for the Buzzard field are related to steep decline of the oil production. The planned mitigation measures include increased water injection, management of the water production in the producers by shutting off water producing zones and redirect water injection in alternative zones in the injectors and side tracking of producers to more prolific locations. Proper field management and application of best practices of oil production should mitigate these risks. Further uncertainties relating to oil production are mechanical failures in wells and uptime of production facilities. Policies and procedures are in place to mitigate these risks. In addition, investments in upgrading power generation and water injection have been finalised.

Changes in fiscal regime during development and production are one of the principal risks. Before taking a decision to develop an oil or gas field, the current taxation regime is taken into account and the decision to go ahead is based on the effect of the taxation rules valid at that time. Increased taxes after finalisation of the development project with all uncertainties regarding capital expenditure is a major risk for the oil industry.

ONE-DYAS EOG LIMITED

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

Foreign currency & commodity price risk

The Company is exposed to the risk of future oil and gas prices and currency exchange rate volatility. The company does actively manage these exposures and takes the gains and losses in the year incurred.

Fluctuations in oil prices influence the turnover of the company. The USD exchange rate against the Pound Sterling and the Euro is an important factor for the profitability of the company.

Interest rate risk

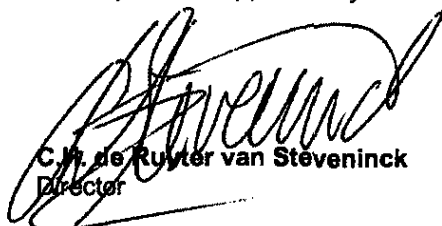
During the reporting year the company's financing was internal to the SHV group. The company is exposed to the risk of future interest rate volatility, but due to the nature of the funding this is managed on a group basis.

FINANCIAL KEY PERFORMANCE INDICATORS

The key performance indicators are deemed to be Turnover, Profit after tax and Total Shareholders' Funds. These results were in line with expectations.

- Turnover has increased to £110,0m (£103,9m in 2017) mainly due to higher sales prices.
- Profit for the financial year decreased to £47,3m (£54,5m in 2017) mainly due to higher taxes.
- Total Shareholders' Funds decreased to £ 68,1m (£70,7m in 2017) mainly due to dividend payments (£ 50m).

This report was approved by the board on 21 November 2019 and signed on its behalf.



C.J. de Ruiter van Steveninck
Director

ONE-DYAS EOG LIMITED

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and the audited financial statements of Dyas EOG Limited for the year ended 31 DECEMBER 2018.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

During the year ended 31 December 2018, until 1 October 2019 the company's principal activity was oil and gas exploration and production. However, on 26 August 2019, the directors took the decision to cease trading following the sale of the company's only property the Buzzard assets. As the directors do not intend to acquire a replacement trade, they have not prepared the financial statements on a going concern basis. The effect of this is explained in note 20.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £47,3m (2017: £54,5m).

During the year interim dividends were paid amounting to £50,0m (£1,15 per share). During 2017 dividends were paid amounting to £115m (£2,64 per share). No final dividend is proposed (2017: nil).

POLITICAL CONTRIBUTIONS

The Company made no political donations or incurred any political expenditure during the year (2017: £Nil).

GOING CONCERN

In previous years, the financial statements have been prepared on a going concern basis. However, on 26 August 2019 the directors took the decision to cease trading following the sale of the company's only property the Buzzard assets. Accordingly the directors have not prepared the financial statements on a going concern basis.

FUTURE DEVELOPMENTS

The company intends to further develop and exploit its various interests in the UK part of the North Sea Continental Shelf.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

As permitted by the articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

DIRECTORS

The directors who served during the year were:

M Q Hickin (until 1 April 2019)
P J Waaijer (until 1 April 2019)
R J Baurdoux
A E Thompson (until 1 April 2019)
A F D Berger (from 1 April 2019)
C H de Ruyter van Steveninck (from 1 April 2019)

ONE-DYAS EOG LIMITED

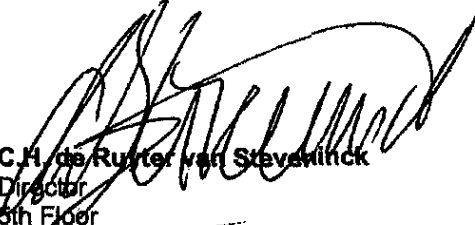
**DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018**

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 that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that 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 auditor is aware of that information.
- No political donations were made in the current year.

This report was approved by the board on 21 November and signed on its behalf.



C.H. de Ruiter van Steenwinck
Director
5th Floor
1 Exchange Crescent
Conference Square
Edinburgh
Lothian
EH3 8UL

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so as explained in note 20 the directors do not believe that it is appropriate to prepare these accounts on a going concern basis.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ONE-DYAS EOG LIMITED (formerly known as DYAS EOG LIMITED)

Opinion

We have audited the financial statements of One-Dyas EOG Limited ("the company") for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter - non-going concern basis of preparation

We draw attention to the disclosure made in note 1 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Mark Smith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
United Kingdom
22 November 2019

ONE-DYAS EOG LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
Turnover	3	110,044	103,930
Cost of sales		(20,190)	(20,471)
Gross profit		89,854	83,459
Administrative expenses		(1,805)	(2,376)
Operating profit	4	88,049	81,083
Interest receivable and similar income	7	958	5,523
Interest payable and similar charges	8	(1,475)	(847)
Profit on ordinary activities before tax		87,532	85,759
Tax on profit on ordinary activities	9	(40,212)	(31,230)
Profit for the financial year		47,320	54,529
Other comprehensive income for the year			
Total comprehensive income for the year		47,320	54,429

There are no significant recognised gains or losses other than those stated above and therefore no separate statement of other comprehensive income has been prepared.

The notes on pages 12 to 25 form part of these financial statements.

ONE-DYAS EOG LIMITED
REGISTERED NUMBER: SC005122

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Non-current assets			
Intangible assets		3,175	-
Tangible assets	11	47,010	40,203
		<u>50,185</u>	<u>40,203</u>
Current assets			
Debtors: amounts falling due within one year	12	89,955	104,641
Cash at bank and in hand		741	1,634
		<u>90,696</u>	<u>106,275</u>
Creditors: amounts falling due within one year	12	(33,228)	(46,506)
Net current liabilities		57,468	59,769
Total assets less current liabilities		107,653	99,972
Non-Current Liabilities			
Deferred tax	14	(7,052)	(7,538)
Other provisions	15	(32,550)	(21,703)
		<u>(39,602)</u>	<u>(29,241)</u>
Net assets		68,051	70,731
Capital and reserves			
Called up share capital	16	2,178	2,178
Share premium account		11,278	11,278
Capital redemption reserve		3,476	3,476
Profit and loss account		51,119	53,799
Total shareholders' funds		68,051	70,731

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 November 2019


C.H. de Ruyter van Steveninck
 Director

Company registered number: SC005122
 The notes on pages 12 to 25 form part of these financial statements.

ONE-DYAS EOG LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Share capital	Share premium	Capital redemption reserve	Profit and Loss Account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2018	2,178	11,278	3,476	53,799	70,731
Comprehensive income for the year					
Profit for the year	-	-	-	47,320	47,320
Total comprehensive income for the year	-	-	-	47,320	47,320
Dividends: Equity capital (note 10)	-	-	-	(50,000)	(50,000)
Total transactions with owners	-	-	-	(50,000)	(50,000)
At 31 DECEMBER 2018	2,178	11,278	3,476	51,119	68,051

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Share capital	Share premium	Capital redemption reserve	Profit and Loss Account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2017	2,178	11,278	3,476	114,270	131,202
Comprehensive income for the year					
Profit for the year	-	-	-	54,529	54,529
Total comprehensive income for the year	-	-	-	54,529	54,529
Dividends: Equity capital (note 10)	-	-	-	(115,000)	(115,000)
Total transactions with owners	-	-	-	(115,000)	(115,000)
At 31 DECEMBER 2017	2,178	11,278	3,476	53,799	70,731

The notes on pages 12 to 25 form part of these financial statements.

ONE-DYAS EOG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (forming part of the financial statements)

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

ONE-Dyas EOG Limited (the "Company") is a private company incorporated, domiciled and registered in Scotland in the UK. The registered number is SC005122 and the registered address is 5th Floor, Exchange Crescent, Conference Square, Edinburgh, Lothian, EH3 8UL.

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Having reviewed the company's working capital and cash flow requirements, in addition to enquiries and examining areas which could get risk to financial exposure, the directors have a reasonable expectation that the Company has adequate resources to continue its operations for the foreseeable future.

Going concern

In previous years, the financial statements have been prepared on a going concern basis. However, on 26 August 2019 the directors took the decision to cease trading following the sale of the company's only property the Buzzard assets. Accordingly the directors have not prepared the financial statements on a going concern basis.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 2).

FRS 102 requires the company to prepare financial statements in accordance with applicable industry Statements of Recommended Practice (SORP) or disclose reasons for departure. The financial statements have been prepared in accordance with the provisions of the SORP "Accounting for Oil and Gas Exploration, Production and Decommissioning Activities" issued by the Oil Industry Accounting Committee.

The company engages in exploration and development in consortia with other partners. These financial statements reflect the relevant portions of costs, revenue, assets and liabilities applicable to the company's interest.

The following principal accounting policies have been applied.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of SHV Holdings N.V as at 31 DECEMBER 2018 and these financial statements may be obtained from Rijnkade 1, 3511 LC Utrecht, The Netherlands.

1.3 Turnover

Oil and gas revenues are dealt with on an accruals basis. Revenue is recognised when oil and gas is lifted. Liftings in excess of entitlement are valued at market price and classified as deferred revenues. Where entitlements exceeds liftings, the excess is valued at market price and classified as accrued income.

1.4 Oil and Gas Tangible and intangible assets

The company accounts for exploration and development costs on the 'successful efforts' basis whereby all licence acquisition, exploration and appraisal drilling costs are initially capitalised as intangible fixed assets pending determination of their commercial viability. Expenditure incurred during the various exploration and appraisal phases is then written off unless commercial reserves have been established or the determination process has not been complete. Expenditure incurred prior to the acquisition of a licence and the costs of other exploration activities which are not specifically directed to an identified structure are written off in the year. After appraisal, if commercial reserves are found then the net capitalised costs incurred in discovering the field are transferred into tangible fixed assets in a single field cost centre. Any subsequent development costs are capitalised in these cost centres.

General and administrative expenditure is capitalised only where it directly relates to activities where the costs of which are also capitalised. Borrowing costs are capitalised as part of the cost of development to the extent that related borrowings are used to finance major development projects. All other costs are expensed including periodic licence fees.

Depreciation of exploration and development costs is provided using the unit-of-production method based on proven and probable reserves. Any changes in reserves are accounted for prospectively. The cost element in the unit of production calculation is represented by the net book value of costs incurred to date plus future development costs. Depreciation is charged to cost of sales.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Capitalised cost are written off in line with actual production over the life-time of the field. All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

1.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. 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.

1.8 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1.9 Share Premium

Share premium represents the amount subscribed for share capital in excess of the nominal value.

1.10 Capital redemption reserve

The capital redemption reserve represents the nominal value of share capital issued by the company which it has subsequently repurchased.

1.11 Profit and Loss Account

Profit and Loss Account represents the accumulated profits, losses and distributions of the company.

1.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.13 Production sharing agreements

Where the company is party to a production sharing agreement, only the company's share of the assets, liabilities and cash flows are recognised, in line with the terms of the agreement.

1.14 Maintenance and repairs

Costs incurred in replacing major portions of the company's facilities which increase their productive capacity or substantially extend their useful life are capitalised. Expenditure on maintenance, repairs or partial replacements is written off as incurred.

1.15 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and Loss Account within 'other operating income'.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1.16 Finance costs

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

1.18 Interest income accounting policy

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

1.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION
UNCERTAINTY**

Management has to make estimates and judgements when preparing the financial statements of the Company. Uncertainties in the estimates and judgements could have an impact on the carrying amount of assets and liabilities and the Company's result. The most important estimates and judgements in relation thereto are as follows:

Estimates in oil and gas reserves

Estimates of oil and gas reserves are used in the calculations for impairment tests and accounting for depletion and decommissioning. Changes in estimates of oil and gas reserves resulting in different future production profiles will affect the discounted cash flows used in impairment testing, the anticipated date of decommissioning and the depletion charges in accordance with the unit-of-production method.

Decommissioning provision

Amounts used in accounting for a provision for decommissioning are estimates based on current legal and constructive requirements, and current technology and price levels for the removal of facilities and plugging and abandoning of wells. *Due to changes in relation to these items, the future actual cash outflows in relation to decommissioning are likely to differ in practice.* To reflect the effects due to changes in legislation. Requirements and technology and price levels, the carrying amounts of decommissioning provisions are reviewed on a regular basis.

The effects of changes in estimates do not give rise to prior year adjustments and are dealt with prospectively. While the Company uses its best estimates and judgement, actual results could differ from these estimates. In estimating decommissioning provisions, the Company applies an annual inflation rate of 3.0% (2016: 1.6%) and an annual discount rate of 1.6%. The decommissioning provision represents the present value of decommissioning costs relating to oil and gas interests in the UK which are expected to be incurred up to 2043 (2016: 2043).

Impairment of oil and gas properties

Determination of whether oil and gas properties have suffered any impairment requires an estimation of the fair value less costs to sell of the Cash-generating units (CGU). Assumptions involved in impairment measurement include estimates of commercial reserves and production volumes, future oil and gas prices and the level and timing of expenditures, all of which are inherently uncertain. The principal cause of the impairment charge being recognised in the year is a reduction in the short to medium term oil price assumption being used when determining the future discounted cash flows for each field.

The calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate. In calculating the value of the CGU, the future cash flows were estimated using management's best estimates of dated Brent oil prices and NBP gas prices. The future cash flows were discounted using a discount rate between a range of 7.0% - 8.0% (2016: 7.5% - 8.5%).

3. ANALYSIS OF TURNOVER

The whole of the turnover is attributable to the sales of oil and gas and other operating revenue, net of value added tax.

All turnover arose from the UK continental shelf.

DYAS EOG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

4. OPERATING PROFIT

The operating profit is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets	6,141	8,024

5. AUDITOR'S REMUNERATION

	2018 £000	2017 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	18	17

FEES PAYABLE TO THE COMPANY'S AUDITOR AND ITS ASSOCIATES IN RESPECT OF:

Other services relating to taxation	2	11
Legal restructuring costs	2	1

6. EMPLOYEES

The Company has no employees other than the directors, who received remuneration of £13,000 (2017 - £13,000).

Due to the nature of the operations of the Group, the remuneration of the directors for their services to the Company is not contained in the records of the Company, as the amount of work performed by the directors for the Company is included in the management fee. The directors are remunerated for their services to the Dyas group as a whole, which is disclosed in the consolidated financial statements of Dyas B.V. and in the consolidated financial statements of Calor Group Ltd. The estimated remuneration to the company for all directors is £13,000 (2017 - £13,000).

Management services are provided by affiliated company ONE-Dyas E&P Limited. (formerly known as Dyas UK Limited).

DYAS EOG LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2018	2017
	£000	£000
Other interest receivable	662	5,523
Currency exchange Gain	296	-
	958	5,523

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£000	£000
Interest Payable	(442)	(71)
Bank interest payable	-	(1)
Other interest payable	(418)	(342)
Net loss on financial assets measured at fair value	(615)	-
Currency exchange loss	-	(433)
	(1,475)	(847)

9. TAX ON PROFIT

	2018	2017
	£000	£000
CORPORATION TAX		
Current tax on profits for the year	35,114	34,473
Adjustments in respect of prior years	5,584	307
TOTAL CURRENT TAX	40,698	34,780
DEFERRED TAX		
Origination and reversal of timing differences	(486)	(3,190)
Prior year adjustment	-	(343)
Effect of rate change	-	(17)
TOTAL DEFERRED TAX	(486)	(3,550)
TAXATION ON PROFIT	40,212	31,230

DYAS EOG LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

9. TAX ON PROFIT (continued)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed is higher than (2017 - lower than) the standard rate of corporation tax in the UK of 40.00% (2017 - 40.00%). The differences are explained below:

	2018	2017
	£000	£000
Profit on ordinary activities before tax	87,532	85,759
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 40.00% (2017 - 40.00%)	35,013	34,303
EFFECTS OF:		
Adjustments to tax charge in respect of prior periods	5,562	(17)
Other/investment allowance	(363)	(3,056)
TOTAL TAX (CREDIT) / CHARGE FOR THE YEAR	40,212	31,230

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Oil and gas industry in the UK is taxed in an oil and gas tax regime. No changes in this tax regime are expected during 2019.

DYAS EOG LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. DIVIDENDS

	2018	2017
	£000	£000
Interim dividend paid: £1,15 (2017: £2,64) per 5 pence share	50,000	115,000

11. TANGIBLE FIXED ASSETS

Oil and gas assets represent interests in producing and non-producing oil and gas properties as well as relinquished licenses. Expenditure on non-producing interests is included within the appropriate geographical cost pool for impairment testing purposes.

	Oil and Gas properties	Decommissioning	Total
	£000	£000	£000
COST			
At 1 January 2018	158,571	16,389	174,960
Additions	2,519	10,429	12,948
At 31 DECEMBER 2018	161,090	26,818	187,908
DEPRECIATION			
At 1 January 2018	121,716	13,041	134,757
Charge for the period	4,551	1,590	6,141
At 31 DECEMBER 2018	126,267	14,631	140,898
NET BOOK VALUE			
At 31 DECEMBER 2018	34,823	12,187	47,010
At 31 DECEMBER 2017	36,855	3,348	40,203

DYAS EOG LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018****12. DEBTORS**

	2018	2017
	£000	£000
Trade debtors	10,180	8,495
Amounts owed by group undertakings	76,290	93,856
Financial instruments - derivatives	2,933	1,714
Prepayments and accrued income	555	96
Tax recoverable (VAT)	(3)	480
	89,955	104,641

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

13. CREDITORS: Amounts falling due within one year

	2018	2017
	£000	£000
Trade creditors	297	1,184
Amounts owed to group undertakings	5,019	5,543
Tax liability	15,741	34,217
Accruals and deferred income	9,509	1,759
Financial instruments - derivatives	2,662	-
Overlift	-	3,803
	33,228	46,506

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

DYAS EOG LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

14. DEFERRED TAXATION

	Deferred tax £000
At 1 January 2018	(7,538)
Charged to the profit or loss	486
At 31 DECEMBER 2018	<u>(7,052)</u>

The provision for deferred taxation is made up as follows:

	2018 £000	2017 £000
Difference between accumulated depreciation and capital allowances	(15,198)	(14,741)
Capital gains	-	(139)
Decommissioning and other provisions	8,146	7,341
	<u>(7,052)</u>	<u>(11,089)</u>

15. PROVISIONS

	Decommissioning £000
At 1 January 2018	21,703
Unwinding of discount	418
Change in cost estimation	10,429
At 31 DECEMBER 2018	<u>32,550</u>

De-commissioning

The decommissioning costs are expected to be incurred in 2043. The provisions have been estimated using existing technology, at future prices and discounted at 1.3% (2017: 1.6%), the rate of long term government bonds as per 31 December 2018.

16. CALLED UP SHARE CAPITAL

	2018 £000	2017 £000
Allotted, called up and fully paid 43,565,047 (2017: 43,565,047) Ordinary shares of £0.05 (2017: £0.05) each	<u>2,178</u>	<u>2,178</u>

DYAS EOG LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018****17. CAPITAL COMMITMENTS**

At 31 DECEMBER 2018 the Company had capital commitments as follows:

	2018 £000	2017 £000
Contracted for but not provided in these financial statements (Buzzard Phase II)	18,463	9,350
	<u>18,463</u>	<u>9,350</u>

18. OIL & GAS RESERVES (unaudited)

Net commercial Oil and Gas Reserve quantities for the year ended 31 DECEMBER 2018:

	Oil mln bbl
Beginning of the year	
Commercial developed reserves	11,8
Commercial undeveloped reserves	2,4
	<u>14,2</u>

	Oil mln bbl £000
Changes during the year	
- production	(1,9)
- Change in estimate	2,3
	<u>0,4</u>

	Oil mln bbl £000
End of year	
Commercial developed reserves	14,6
Commercial undeveloped reserves	-
	<u>14,6</u>

19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Dyon UK Limited which is incorporated in England and Wales. ONE-Dyon UK Limited is jointly owned by ONE-Dyon E&P Limited and Dyas UK Limited, both are owned by subsidiaries of SHV Holdings N.V. SHV Holdings N.V. is incorporated in The Netherlands. The financial statements of SHV Holdings N.V. will be available at Rijnkade 1, 3511 LC Utrecht.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

20. POST BALANCE SHEET EVENTS DISCLOSURE

On the 19th of December 2018 SHV Nederland BV and Oranje Nassau Energy BV entered into an agreement pursuant to which SHV Nederland BV contributed its shares in Dyas Holdings BV. As a result of such merger, the former (indirect) shareholder of Dyas, SHV, now holds 49% in the combination and former Oranje-Nassau Energie shareholder ONH holds 51%. The top holding company in the ONE-Dyas group is the joint venture company ONE-Dyas B.V. This transaction closed on the 1st of April 2019.

In order to simplify the ONE-Dyas structure, ONE-Dyas EOG Limited as seller (ONE-Dyas EOG) and ONE-Dyas UK Limited as purchaser (ONE-Dyas UK) entered into a sale and purchase agreement on 26 August 2019 whereby ONE-Dyas EOG will sell and transfer all its interests in the Buzzard licenses to ONE-Dyas UK. We aim to complete the transaction in November 2019 against the book value of the assets. Following completion of this transaction it is anticipated that the company will become dormant.