

Registration number: 08482753

# EnQuest Global Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020



**EnQuest Global Limited**  
**Officers and Other Information**

**Directors**                    S Ricketts  
                                     S Malik  
                                     I Wood

**Company secretary**    K Christ

**Auditors**                    Deloitte LLP  
                                     2 New Street Square  
                                     London  
                                     EC4A 3BZ

**Registered office**        Cunard House  
                                     5th Floor  
                                     15 Regent Street  
                                     London  
                                     SW1Y 4LR

## **EnQuest Global Limited**

### **Directors Report for the Year Ended 31 December 2020**

The Directors present their report and the audited financial statements for the year ended 31 December 2020.

#### **Results and dividends**

The loss for the year, after taxation is \$11,676,000 (2019: \$685,000 profit). The Directors do not propose the payment of a dividend (2019: \$nil). The loss for the year is mainly due to the expected credit loss recorded in the year (\$9,120,000).

#### **Directors of the company**

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

I Malik (appointed 20 January 2020 and resigned 7 September 2021)

S Ricketts

S Malik

The following Director was appointed after the year end:

I Wood (appointed 7 September 2021)

#### **Directors indemnity**

The Company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006.

#### **Principal activities**

The principal activity of the company is to act as a holding company.

#### **Going concern**

The Company requires support from EnQuest PLC, the parent company, to provide or procure sufficient funds as and where necessary to allow the Company to continue its operations for the going concern period, being 12 months from the approval of these accounts. As part of assuring the going concern basis of preparation for the Company, the ability and intent of the EnQuest Group (the 'Group') to support the Company has been taken into consideration, including the receipt of a binding letter of support from the ultimate parent company. Although a material uncertainty was identified over going concern with regards to securing lenders' commitment to a new facility in the most recent Group annual financial statements, the group has since refinanced the revolving credit facility with a new facility. Forecast liquidity has been assessed at a Group level under a number of scenarios and a reverse stress test performed to support the Group's going concern assertion. Accordingly, the Company will be able to draw on support from the Group for the foreseeable future, and these financial statements have therefore been prepared on the going concern basis.

The Group continues to monitor actively the impact on operations from COVID-19 and the health, safety and wellbeing of its employees is its top priority. The Group remains compliant with relevant UK, Malaysia and Dubai government and industry policy. The Group has also been working with a variety of stakeholders, including industry and medical organisations, to ensure its operational response and advice to its workforce is appropriate and commensurate with the prevailing expert advice. At the time of publication of this annual report, the Group's day-to-day operations continue without being materially affected by COVID-19.

#### **Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

The confirmation is given and should be interpreted in accordance with the provision of section 418 of the Companies Act 2006.

**EnQuest Global Limited**

**Directors Report for the Year Ended 31 December 2020**

**Auditors**

Ernst & Young LLP resigned as auditors during the year and Deloitte LLP were appointed.

In accordance with Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

**Small companies provision statement**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Approved by the Board on 28 October 2021 and signed on its behalf by:



.....  
I Wood  
Director

## **EnQuest Global Limited**

### **Statement of Directors' Responsibilities in respect of the Financial Statements**

The directors acknowledge their responsibilities for preparing the Annual Report and the audited 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), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

## **EnQuest Global Limited**

### **Independent Auditor's Report to the Members of EnQuest Global Limited**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of EnQuest Global Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 17.

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

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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

## **EnQuest Global Limited**

### **Independent Auditor's Report to the Members of EnQuest Global Limited**

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

We have nothing to report in this regard.

#### **Responsibilities of directors**

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

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

#### **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 on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

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

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

## **EnQuest Global Limited**

### **Independent Auditor's Report to the Members of EnQuest Global Limited**

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

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

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

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

#### **Report on other legal and regulatory requirements**

##### **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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and  
the directors' report has been prepared in accordance with applicable legal requirements.

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

##### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion: adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or  
the financial statements are not in agreement with the accounting records and returns; or  
certain disclosures of directors' remuneration specified by law are not made; or  
we have not received all the information and explanations we require for our audit; or  
the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

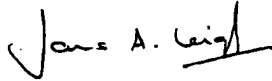


## **EnQuest Global Limited**

### **Independent Auditor's Report to the Members of EnQuest Global Limited**

#### **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.



James Leigh FCA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor

London, United Kingdom

28 October 2021

**EnQuest Global Limited****Profit and Loss Account for the Year Ended 31 December 2020**

	Note	2020 \$ 000	2019 \$ 000
Revenue	3	1,764	2,320
General and administrative expenses	4	(250)	(222)
Other expenses	5	<u>(12,509)</u>	<u>(1,719)</u>
Operating (loss)/profit	6	(10,995)	379
Interest receivable and similar income	8	31	1,709
Interest payable and similar charges	9	<u>(561)</u>	<u>(714)</u>
<b>(Loss)/profit before tax</b>		<b><u>(11,525)</u></b>	<b><u>1,374</u></b>
Tax on (loss)/profit	10	<u>(151)</u>	<u>(689)</u>
<b>(Loss)/profit for the financial year attributable to owners of the Company</b>		<b><u>(11,676)</u></b>	<b><u>685</u></b>

The loss for the year ended 31 December 2020 is derived from continuing activities of the Company.

A Statement of Comprehensive Income is not presented as there is no other comprehensive income other than the results for each financial year.

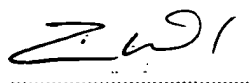
The notes on pages 12 to 22 form an integral part of these financial statements.

**EnQuest Global Limited**

**Statement of Financial Position as at 31 December 2020**

		<b>31 December 2020 \$ 000</b>	<b>31 December 2019 \$ 000</b>
	<b>Note</b>		
<b>Non- current assets</b>			
Investments	11	10,688	10,832
Trade and other receivables	12	163,043	66,500
		<u>173,731</u>	<u>77,332</u>
<b>Current assets</b>			
Trade and other receivables	12	-	85,779
Cash at bank and in hand		390	780
		<u>390</u>	<u>86,559</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	13	(143,312)	(71,342)
<b>Net current (liabilities)/assets</b>		<u>(142,922)</u>	<u>15,217</u>
<b>Total assets less current liabilities</b>		30,809	92,549
<b>Non-current liabilities</b>			
Creditors: amounts falling due after more than one year	13	-	(50,064)
<b>Net assets</b>		<u>30,809</u>	<u>42,485</u>
<b>Capital and reserves</b>			
Called up share capital	14	67,805	67,805
Profit and loss account	15	(36,996)	(25,320)
<b>Shareholders' funds</b>		<u>30,809</u>	<u>42,485</u>

The financial statements of EnQuest Global Limited, registered number 08482753, were approved by the Board on 28 October 2021 and signed on its behalf by:



I Wood  
Director

The notes on pages 12 to 22 form an integral part of these financial statements.

**EnQuest Global Limited****Statement of Changes in Equity for the Year Ended 31 December 2020**

	<b>Share capital</b>	<b>Profit and loss</b>	
	<b>\$ 000</b>	<b>account</b>	<b>Total</b>
	<b>\$ 000</b>	<b>\$ 000</b>	<b>\$ 000</b>
At 1 January 2019	67,805	(26,005)	41,800
Profit for the year	-	685	685
Total comprehensive income for the year	-	685	685
At 31 December 2019	67,805	(25,320)	42,485

	<b>Share capital</b>	<b>Profit and loss</b>	
	<b>\$ 000</b>	<b>account</b>	<b>Total</b>
	<b>\$ 000</b>	<b>\$ 000</b>	<b>\$ 000</b>
At 1 January 2020	67,805	(25,320)	42,485
Loss for the year	-	(11,676)	(11,676)
Total comprehensive expense for the year	-	(11,676)	(11,676)
At 31 December 2020	67,805	(36,996)	30,809

The notes on pages 12 to 22 form an integral part of these financial statements.

## **EnQuest Global Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **1 General information and statement of compliance**

The financial statements of EnQuest Global Limited for the year ended 28 December 2020 were authorised for issue by the board of directors on 28 October 2021 and the statement of financial position was signed on the board's behalf by Ian Wood. The company is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of its registered office is: Cunard House, 5th Floor, 15 Regent Street, London, SW1Y 4LR, United Kingdom. The nature of the Company's operations and its principal activities are set out in the Directors Report on pages 2 and 3. These financial statements were prepared in accordance with Financial Reporting Standards 101 Reduced Disclosure Framework (FRS101) and in accordance with the provisions of the Companies Act 2006.

#### **2 Accounting policies, judgements and estimates**

##### **Basis of preparation**

The financial statements have been prepared in accordance with FRS 101. These financial statements have been prepared under the historical cost convention and are presented in United States dollars (USD), which is the functional currency of the Company. All values in the financial statements are rounded to the nearest US\$'000 except where otherwise stated.

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

- a) the requirement of IFRS 7 Financial Instruments: Disclosures;
- b) the requirement of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: paragraph 79(a)(iv) of IAS 1, paragraph 73(e) of IAS 16 Property, Plant and Equipment and paragraph 118(e) of IAS 38 Intangibles;
- d) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- e) the requirements of IAS 7 Statement of Cash Flows;
- f) the requirements of paragraph 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in relation to standard not yet effective;
- g) the requirement of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- h) 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 party to the transaction is wholly owned by such a member; and
- i) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

Where required, equivalent disclosures are given in the Group financial statements of EnQuest PLC, which are publicly available and can be obtained as set out in note 17.

##### **Going concern**

The Company requires support from EnQuest PLC, the parent company, to provide or procure sufficient funds as and where necessary to allow the Company to continue its operations for the going concern period. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least the next 12 months from the date these financial statements were approved and the financial statements have therefore been prepared under the going concern basis.

For further detail on the directors' going concern assessment, please refer to the directors' report.

## **EnQuest Global Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **2 Accounting policies, judgements and estimates (continued)**

##### **Standards issued but not yet effective**

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 17 Insurance Contracts

IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to IAS 1 Classification of Liabilities as Current or Non-current

Amendments to IFRS 3 Reference to the Conceptual Framework

Amendments to IAS 16 Property, Plant and Equipment-Proceeds before Intended Use

Amendments to IAS 37 Onerous Contracts - Cost of Fulfilling a Contract

Annual Improvements to IFRS Standards

2018-2020 Cycle

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards,

IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods

##### **Critical accounting judgements and key sources of estimation uncertainty**

In applying the accounting policies used in preparing the financial statements, the Directors have identified the following key sources of estimation uncertainty which have the most significant effect on the amounts recognised in the financial statements, or create a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### *Key sources of estimation uncertainty - Expected credit losses*

The Company recognises a provision for expected credit losses on intercompany receivables, based on the probability of default.

The Directors have identified no critical accounting judgements in the preparation of these financial statements.

##### **Significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Foreign currencies**

Transactions in currencies other than the Company's functional currency are recorded at the prevailing rate of exchange on the date of the transaction. At the year end, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange prevailing at the balance sheet date. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated using the rate of exchange as at the dates of the initial transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using the rate of exchange at the date the fair value was determined. All foreign exchange gains and losses are taken to the profit and loss account.

##### **Investments**

Investments in subsidiaries are accounted for at cost less any provision for impairment.

## **EnQuest Global Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **2 Accounting policies, judgements and estimates (continued)**

##### **Financial assets**

Financial assets are classified, at initial recognition, as amortised cost, fair value through other comprehensive income ('FVOCI'), or fair value through profit or loss ('FVPL'). The classification of financial assets at initial recognition depends on the financial assets' contractual cash flow characteristics and the Company's business model for managing them.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

##### **Cash and cash equivalents**

Cash and cash equivalents includes cash at bank, cash in hand, outstanding bank overdrafts and highly liquid interest-bearing securities with original maturities of three months or less.

##### **Financial assets at amortised cost**

Other receivables are measured initially at fair value and subsequently recorded at amortised cost, using the effective interest rate ('EIR') method, and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired and EIR amortisation is included within finance costs.

The Company measures financial assets at amortised cost if both of the following conditions are met:

The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Prepayments, which are not financial assets, are measured at historical cost.

##### **Impairment of financial assets**

The Company recognises a provision for expected credit loss ('ECL'), where material, for all financial assets held at the balance sheet date. The measurement of expected credit losses is a function of the probability of default, loss given default and exposure at default. ECLs are based on the difference between the contractual cash flows due to the Company, and the discounted actual cash flows that are expected to be received. Where there has been no significant increase in credit risk since initial recognition, the loss allowance is equal to 12-month expected credit losses. Where the increase in credit risk is considered significant, lifetime credit losses are provided. For trade receivables a lifetime credit loss is recognised on initial recognition where material. The provision rates are based on days past due for groupings of customer segments with similar loss patterns (i.e. by geographical region, product type, customer type and rating) and are based on their historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

##### **Financial liabilities**

Financial liabilities are classified, at initial recognition, as amortised cost or at fair value through profit or loss. Financial liabilities are derecognised when they are extinguished, discharged, cancelled or they expire. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

## **EnQuest Global Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **2 Accounting policies, judgements and estimates (continued)**

##### **Financial liabilities at amortised cost**

Loans and borrowings, trade payables and other creditors are measured initially at fair value net of directly attributable transaction costs and subsequently recorded at amortised cost, using the EIR method. Loans and borrowings are interest bearing. Gains and losses are recognised in profit or loss when the liability is derecognised and EIR amortisation is included within finance costs.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires for derecognition.

##### **Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis.

##### **Taxes**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except where a change attributable to an item of income or expense is recognised as other comprehensive income or equity, in which case, the tax is also recognised directly in other comprehensive income or equity.

##### **Income taxes**

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

##### **Deferred taxes**

Deferred tax is provided in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is measured on an undiscounted basis using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset only if a legal right exists to offset current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

##### **Revenue**

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those goods or services. The Company has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

##### **Finance costs**

All finance costs are recognised in the profit and loss account in the period in which they are incurred.



## **EnQuest Global Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **2 Accounting policies, judgements and estimates (continued)**

##### **Interest income**

Interest income is recognised as the interest accrues using the effective interest rate - that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity-instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### **Impact of new International Financial Reporting Standards**

There are no new or amended standards or interpretations adopted during the year that have a significant impact on the financial statements.

#### **3 Revenue**

The analysis of the company's turnover for the year from continuing operations is as follows:

	<b>2020</b>	<b>2019</b>
	<b>\$ 000</b>	<b>\$ 000</b>
Service fee income	<u>1,764</u>	<u>2,320</u>

#### **4 General and administration expenses**

	<b>2020</b>	<b>2019</b>
	<b>\$ 000</b>	<b>\$ 000</b>
Outside services	60	208
Recharges	<u>190</u>	<u>14</u>
	<u>250</u>	<u>222</u>

#### **5 Other expenses**

	<b>2020</b>	<b>2019</b>
	<b>\$ 000</b>	<b>\$ 000</b>
Foreign exchange losses	23	12
Other expenses	<u>12,486</u>	<u>1,707</u>
	<u>12,509</u>	<u>1,719</u>

Other expenses includes \$5,509,000 (2019: \$1,707,000) in respect of a provision for expected credit losses on intercompany balances and a further \$3,611,000 (2019: \$nil) in respect of other intercompany balance impairments.

#### **6 Operating (loss)/profit**

Audit fees of \$6,400 (2019: \$6,400) were paid by EnQuest Britain Limited, a fellow subsidiary.

## EnQuest Global Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 7 Employees and Directors' remuneration

No staff were employed by the Company during the year (2019: nil) therefore no direct staff costs were incurred. The emoluments of Directors are not paid to them in their capacity as Directors of the Company and are payable for services wholly attributable to EnQuest PLC subsidiary undertakings. Accordingly, no details in respect of their emoluments have been included in these financial statements.

#### 8 Interest receivable and similar income

	2020	2019
	\$ 000	\$ 000
Intercompany interest income	31	1,709

#### 9 Interest payable and similar charges

	2020	2019
	\$ 000	\$ 000
Intercompany interest payable	561	714

#### 10 Taxation

##### (a) Tax on (loss)/profit on ordinary activities

Tax charged/(credited) in the profit and loss account is made up as follows:

	2020	2019
	\$ 000	\$ 000
<b>Current income taxation:</b>		
Group relief payable	182	651
Adjustments in respect of prior years	(31)	38
	151	689

The tax on (loss)/profit before tax for the year is higher than the standard rate of corporation tax in the UK (2019 - higher than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

##### b) Factors affecting the tax charge for the year

	2020	2019
	\$ 000	\$ 000
(Loss)/profit on ordinary activities before tax	(11,525)	1,374
(Loss)/profit on ordinary activities at standard rate of corporation tax	(2,190)	261
Non-deductible expenditure	2,372	66
Adjustment in respect of prior years	(31)	38
Decrease from effect of revenues exempt from taxation	-	324
Total current tax charge for the year	151	689

# EnQuest Global Limited

## Notes to the Financial Statements for the Year Ended 31 December 2020

### 10 Taxation (continued)

#### Factors that may affect future tax charges

A UK corporation rate of 19% (effective 1 April 2020) was substantially enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. As the mainstream corporation tax losses are not recognised there is no impact in 2020 resulting from this change. In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023 and this was substantively enacted on 24 May 2021. This change is also expected to have no impact.

### 11 Investments

			Investments in subsidiaries \$ 000
<b>Cost</b>	31 December	31 December	
At 1 January and 31 December 2020			14,345
<b>Provision for impairment</b>			
At 1 January 2020			3,513
Provision			144
At 31 December 2020			3,657
<b>Net book value</b>			
At 31 December 2020			10,688
At 31 December 2019			10,832

# **EnQuest Global Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2020**

### **11 Investments (continued)**

#### **Subsidiaries:**

At 31 December 2020 the Company had investments in the following subsidiaries:

Name of subsidiary	Status	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2020	2019
EnQuest Limited	NWO Development and production of oil and gas	United Kingdom	Ordinary	100%	100%
EnQuest Petroleum Production Malaysia Limited	Development and production of oil and gas	Malaysia	Ordinary	100%	100%
EnQuest Petroleum Developments Malaysia SDN.BHD	Development and production of oil and gas	Malaysia	Ordinary	100%	100%
EnQuest Petroleum (Sabah) Limited	Development and production of oil and gas	United Kingdom	Ordinary	100%	100%
EnQuest Global Services Limited	Management consulting services	Dubai	Ordinary	100%	100%

**EnQuest Global Limited****Notes to the Financial Statements for the Year Ended 31 December 2020****12 Trade and other receivables****Amounts falling due after one year:**

	<b>31 December 2020 \$ 000</b>	<b>31 December 2019 \$ 000</b>
Amounts owed by Group undertakings	<u>163,043</u>	<u>66,500</u>

Amounts owed by group undertakings are unsecured, have no fixed date of repayment. The company now does not expect such amounts to be repaid within 12 months of the balance sheet date, and therefore has reclassified these amounts to due after one year.

**Impairment of financial assets**

The Company recognises a provision for expected credit loss ('ECL'), where material, for all financial assets held at the balance sheet date. The measurement of expected credit losses is a function of the probability of default, loss given default and exposure at default. ECLs are based on the difference between the contractual cash flows due to the Company, and the discounted actual cash flows that are expected to be received. Where there has been no significant increase in credit risk since initial recognition, the loss allowance is equal to 12-month expected credit losses. Where the increase in credit risk is considered significant, lifetime credit losses are provided. For trade receivables a lifetime credit loss is recognised on initial recognition where material.

The provision rates are based on days past due for groupings of customer segments with similar loss patterns (i.e. by geographical region, product type, customer type and rating) and are based on their historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Company evaluates the concentration of risk with respect to intercompany receivables as low, as its customers are intercompany ventures, and has considered the risk relating to the probability of default on loans that are repayable on demand. The Company has evaluated an expected credit loss of \$5,509,000 for the year ended 31 December 2020, as required by IFRS 9's expected credit loss model (2019: \$49,000). The Group has completed the Golden Eagle acquisition and refinancing in 2021, accordingly the ECL, required under the IFRS 9 model, is expected to reduce considerably in future years.

A 0.5% change in the ECL rate would increase/decrease the provision by \$612,000.

**Amounts falling due within one year:**

	<b>31 December 2020 \$ 000</b>	<b>31 December 2019 \$ 000</b>
Amounts owed by Group undertakings	<u>-</u>	<u>85,779</u>

Amounts owed by Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**EnQuest Global Limited****Notes to the Financial Statements for the Year Ended 31 December 2020****13 Trade and other payables****Amounts falling due after one year:**

	<b>31 December 2020 \$ 000</b>	<b>31 December 2019 \$ 000</b>
Amounts owed to Group undertakings	<u>-</u>	<u>50,064</u>

Interest was charged at 8.4% on amounts owed to Group undertakings in the prior year.

Amounts owed to Group undertakings are unsecured and repayable after a year.

**Amounts falling due within one year:**

	<b>31 December 2020 \$ 000</b>	<b>31 December 2019 \$ 000</b>
Amounts owed to Group undertakings	<u>143,312</u>	<u>71,342</u>

All amounts owed to Group undertakings are unsecured and repayable within a year of the balance sheet date.

Interest was charged at 7.65% on \$50,064,000 of the amounts owed to Group undertakings in the current year.  
All other amounts owed to Group undertakings are interest free.

**14 Called-up share capital****Allotted, called up and fully paid shares:**

	<b>31 December 2020 No. 000</b>	<b>\$ 000</b>	<b>31 December 2019 No. 000</b>	<b>\$ 000</b>
Ordinary shares of £1 each	<u>42,194</u>	<u>67,805</u>	<u>42,194</u>	<u>67,805</u>

**15 Reserves*****Profit and loss account***

Profit and loss account contain the accumulated profits/(losses) of the Company.

**16 Contingent liabilities**

At the year end, the company was party to a cross guarantee arrangement with certain other group companies in respect of the Group's bank borrowings. The total bank borrowings of the Group as at 31 December 2020 were \$377.8 million (2019: \$477.4 million).

## **EnQuest Global Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **17 Controlling parties**

The company's immediate and ultimate parent which heads the largest and smallest group in which the results of the Company are consolidated is EnQuest PLC. Copies of the parent company EnQuest PLC financial statements can be obtained from 5th Floor, Cunard House, 15 Regent Street, London SW1Y 4LR.