

Registration number: FC005975

Apache Beryl I Limited

Incorporated in the Cayman Islands

Directors' Report and Unaudited Financial Statements

for the Year Ended 31 December 2019

Apache Beryl I Limited

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Apache Beryl I Limited

Company Information

Directors	G L Ables (resigned 1 April 2020) J A Graham (resigned 1 April 2020) J W Sauer The following directors were appointed after the year end: S Greig (appointed 1 April 2020) R J J Chelte (appointed 1 April 2020) T R Custer (appointed 1 April 2020) K H Neupert (appointed 1 April 2020)
Company secretary	Paget Brown Trust Company
Company number	FC005975
Registered office	Paget Brown Trust Company Ltd Boundary Hall, PO Box 1111, Cricket Square, George Town, Grand Cayman, Cayman Islands KY1 1102
Bankers	Citibank NA Citibank Centre Canada Square Canary Wharf London E14 5LB

Apache Beryl I Limited

Directors' Report for the Year Ended 31 December 2019

The Directors present their report and the unaudited financial statements for the year ended 31 December 2019.

Statement of Directors' Responsibilities

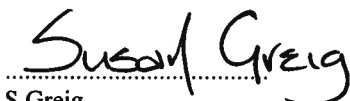
The directors acknowledge their responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless they consider that to be inappropriate.

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.

Approved by the Board on 2 December 2020 and signed on its behalf by:



S Greig
Director

Apache Beryl I Limited

Statement of Profit or Loss for the Year Ended 31 December 2019

	Note	2019 \$ 000	2018 \$ 000
Revenue	4	601,688	533,124
Cost of sales		<u>(379,279)</u>	<u>(480,045)</u>
Gross profit		222,409	53,079
Administrative expenses		<u>(17,509)</u>	<u>(7,625)</u>
Operating profit	5	<u>204,900</u>	<u>45,454</u>
Interest receivable and similar income	8	35,557	33,738
Interest payable and similar charges	9	<u>(44,230)</u>	<u>(44,677)</u>
		<u>(8,673)</u>	<u>(10,939)</u>
Profit on ordinary activities before tax		196,227	34,515
Tax (charge)/credit on profit on ordinary activities	10	<u>(49,176)</u>	<u>11,438</u>
Profit for the year		<u><u>147,051</u></u>	<u><u>45,953</u></u>

The above results were derived from continuing operations.

Apache Beryl I Limited

Statement of Comprehensive Income for the Year Ended 31 December 2019

	2019	2018
	\$ 000	\$ 000
Profit for the year	<u>147,051</u>	<u>45,953</u>
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>147,051</u>	<u>45,953</u>

The notes on pages 7 to 27 form an integral part of these financial statements.

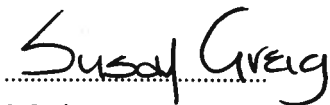
Apache Beryl I Limited

(Registration number: FC005975)

Statement of Financial Position as at 31 December 2019

	Note	31 December 2019 \$ 000	31 December 2018 \$ 000
Fixed assets			
Intangible assets	11	44,496	47,880
Property, plant and equipment	12	1,051,446	1,110,103
Investments	14	206	206
Right of use assets	13	66,875	-
		<u>1,163,023</u>	<u>1,158,189</u>
Current assets			
Inventory	15	70,762	60,988
Trade and other receivables	16	639,805	756,724
Cash and cash equivalents	18	485	116
		<u>711,052</u>	<u>817,828</u>
Creditors: Amounts falling due within one year			
Trade and other payables	19	(307,175)	(232,978)
Current portion of long term lease liabilities	17	(49,734)	-
		<u>(356,909)</u>	<u>(232,978)</u>
Net current assets		<u>354,143</u>	<u>584,850</u>
Total assets less current liabilities		<u>1,517,166</u>	<u>1,743,039</u>
Provisions for liabilities	20, 10	(815,359)	(807,196)
Net assets		<u>701,807</u>	<u>935,843</u>
Capital and reserves			
Called up share capital	21	100	100
Retained earnings		701,707	935,743
Total shareholders' funds		<u>701,807</u>	<u>935,843</u>

Approved by the Board on 2 December 2020 and signed on its behalf by:



S Greig
Director

Apache Beryl I Limited

Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital \$ 000	Retained earnings \$ 000	Total \$ 000
At 1 January 2019	100	935,743	935,843
Profit for the year	-	147,051	147,051
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	147,051	147,051
Dividends	-	(381,087)	(381,087)
At 31 December 2019	100	701,707	701,807

	Share capital \$ 000	Retained earnings \$ 000	Total \$ 000
At 1 January 2018	100	909,000	909,100
Profit for the year	-	45,953	45,953
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	45,953	45,953
Dividends	-	(19,210)	(19,210)
At 31 December 2018	100	935,743	935,843

The notes on pages 7 to 27 form an integral part of these financial statements.
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Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019

1 General information

Apache Beryl I Limited ("the company") is a private company limited by share capital incorporated and domiciled in the Cayman Islands. The registered address of the company is Paget Brown Trust Company Ltd, Boundary Hall, PO Box 1111, Cricket Square, George Town, Grand Cayman. The company's principal activity is the appraisal, development and production of crude oil and natural gas in the North Sea.

These financial statements were authorised for issue by the Board on 2 December 2020.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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 with the exception of IFRS 16 Leases. The adoption of IFRS 16 has been applied prospectively to leases in effect at the date of adoption.

The Company has considered all new and amended IFRSs issued by the International Accounting Standards Board (IASB), as adopted by the EU, that are mandatorily effective for the year ending 31 December 2019. Where the changes affect the Company, the relevant application and disclosure has been made during the year to 31 December 2019. The new and amended IFRSs during the year are as detailed below :

- Annual Improvements to IFRS Standards 2015-2017 Cycle
- IFRS 16 Leases
- IFRIC 23 Uncertainty over Income Tax Treatments

With the exception of IFRS 16, the application of the above standards and amendments did not have any material impact on the company's financial statements.

The following standards and amendments and interpretations to existing standards have been published and are mandatory for the company's accounting period beginning on or after 1 January 2020 or later periods, but the company had not early adopted them :

- References to Conceptual Framework in IFRS Standards (1 January 2020)
- IFRS 7 Financial Instruments: Disclosures - Interest Rate Benchmark Reform (1 January 2020)
- IFRS 9 Financial Instruments - Interest Rate Benchmark Reform (1 January 2020)
- IAS 1 Presentation of Financial Statements - Definition of Material (1 January 2020) and Classification of Liabilities as Current or Non-current (1 January 2022)
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material (1 January 2020)
- IAS 39 Financial Instruments: Recognition and Measurement - Interest Rate Benchmark Reform (1 January 2020)

It is not anticipated that the application of the above standards or amendments will have any material impact on the company's financial statements.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Basis of preparation

The financial statements of the company have been prepared in accordance with Financial Reporting Standard ("FRS") 101, the Overseas Companies Regulations 2009 and the Companies Act 2006 s396 ("the Act"). FRS 101 sets out a reduced disclosure framework for a "qualifying entity", as defined in the Standards, which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards ("IFRS").

The company is a qualifying entity for the purposes of FRS 101. Note 24 gives details of the company's ultimate parent and from where consolidated financial statements within which the company is included may be obtained.

The financial statements are presented in US Dollars, the functional currency of the company, and all values are rounded to the nearest thousand except where otherwise indicated.

The rate of exchange used for 31 December 2019 is £1:\$1.3245 (2018 - £1:\$1.2754).

The financial statements have not been audited.

Summary of disclosure exemptions

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

(a) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:

(i) paragraph 79 (a) (iv) of IAS 1;

(ii) paragraph 73 (e) of IAS 16 Property, Plant and Equipment;

(iii) paragraph 118 (e) of IAS 38 Intangible Assets;

(b) the requirements of paragraphs 10 (d), 10 (f), 16, 38A, 38B - 38D, 111 and 134 - 136 of IAS 1;

(c) the requirements of IAS 7 Statement of Cash Flows;

(d) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;

(e) the requirements in IAS 24 to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;

(f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

(g) the requirements of IFRS 7, Financial Instruments; Disclosure; and

(h) the requirements of paragraphs 91 - 99 of IFRS 13 Fair Value Measurement.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Going concern

Since December 31, 2019, the global economy and the energy industry have been deeply impacted by the effects of the coronavirus 2019 (COVID-19) pandemic and related governmental action. Significantly reduced demand and over supply has created uncertainty in the oil markets and resulted in historic oil price decline. The company responded quickly by closing the office, implementing work-from-home processes and stringent operational protocols. As the company evaluates the remainder of 2020 under prolonged effects of COVID-19 pandemic, there are a number of fundamental uncertainties. The immediate course of action for the company is to actively reduce cost structure, protect the balance sheet and prudently manage operations to preserve cash flow. The current crisis is still evolving and may materially affect the company's results in a manner that is not currently known or that the company does not currently consider to be a significant risk to the business.

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

Basis of consolidation

As a wholly owned subsidiary of Apache Corporation, the company has taken exemption from the requirement to prepare consolidated financial statements in accordance with Companies Act 2006 section 401.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2019 have had a material effect on the financial statements.

Revenue recognition

Recognition

The company earns revenue from the sale of crude oil and natural gas products from interests in the UK.

Sales of crude oil, natural gas and natural gas liquids ("NGLs") are included in revenue when production is sold to a customer in fulfillment of performance obligations under the terms of agreed contracts. Performance obligations primarily comprise delivery of oil, gas or NGLs at a delivery point, as negotiated within each contract. Each barrel of oil or NGL, cubic feet of natural gas, or other unit of measure is separately identifiable and represents a distinct performance obligation to which the transaction price is allocated. Performance obligations are satisfied at a point in time once control of the product has been transferred to the customer. The company considers a variety of facts and circumstances in assessing the point of control transfer, including but not limited to: whether the purchaser can direct the use of the hydrocarbons, the transfer of significant risks and rewards, the company's right to payment and transfer of legal title. The time between delivery and when payments are due is not significant.

The company sells its crude oil under contracts with a market-based index. Revenue is measured at the fair value of the consideration received or receivable and is net of discounts, customs duties and sales taxes.

Generally, revenues from crude oil, natural gas and NGLs in which the company has an interest together with other producers are recognised on the basis of the company's working interest in the asset.

Exploration, research and development expenditure

Geophysical and geological costs and research and development expenditure are charged against income as incurred. These charges are included in cost of sales.

The notes on pages 7 to 27 form an integral part of these financial statements.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Interest receivable and interest payable

Interest receivable and interest payable is recognised in the Statement of Profit or Loss as it accrues, using the effective interest method.

Interest payable and similar charges include interest payable, finance charges and the unwinding of the discount applied to the ARO liability.

Interest receivable and similar income includes interest on intercompany loans and external loans and cash balances.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Taxation

The tax expense for the period comprises current and deferred tax and includes corporation tax and supplementary charge. Tax is recognised in the Statement of Profit or Loss, except when a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is amortised on a unit of production basis over its useful economic life. It is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Fixed assets

Oil and gas expenditure - Exploration and Evaluation ("E&E") assets

Directly identifiable costs incurred to purchase, lease or otherwise acquire specific mineral interests in unproved properties are capitalised as intangible E&E assets when incurred. Costs directly associated with drilling an exploration well are capitalised within E&E assets until the drilling of the well is complete and the results have been evaluated. If no potentially commercial hydrocarbons are discovered, the E&E asset is written-off to the Statement of Profit or Loss.

When commercially viable reserves are discovered on or otherwise attributed to an E&E asset or a field development plan has received all necessary approvals, the E&E asset is transferred from intangible assets to development stage assets within Property, Plant and Equipment.

A review is carried out each reporting date for any indication that the carrying value of the company's E&E assets may be impaired. Where an impairment triggering event is identified, E&E assets are assessed for impairment along with the corresponding cash generating unit ("CGU") to which the E&E assets are associated. Where the carrying value of an E&E asset exceeds its recoverable amount, it is considered impaired and is written down to its recoverable amount.

Oil and gas expenditure - Development and Production ("D&P") assets

Costs of acquiring development or production acreage or of bringing a field into production, including the cost of facilities, wells, and sub-sea equipment are capitalised as a D&P asset. The cost associated with development wells and successful wells in fields not yet producing are carried within development stage assets. All other costs are considered in relation to producing assets.

Assets held under leases which transfer substantially all the benefits and risks of ownership to the lessee (finance leases) are included at a cost equivalent to the net present value of the lease payments.

A review is carried out each reporting date for any indication that the carrying value of the company's D&P assets may be impaired. For D&P assets where there are such indications, an impairment test is carried out on the CGU to which it is attached. The company's CGU's are those assets which generate largely independent cashflows and are normally, but not always, single developments or production areas. The impairment test involves comparing the carrying value with the recoverable value of a CGU. The recoverable amount of a CGU is determined as the higher of its fair value less costs to sell and value in use, where the value in use is determined from estimated future net cashflows. Any additional depreciation resulting from the impairment testing is charged to the Statement of Profit or Loss.

Depreciation and amortisation

Depreciation and amortisation are charged so as to reduce the cost of each group of assets to its residual value over its expected useful life. Producing assets are depreciated or amortised by the unit of production method, which is based on reserves estimated to be recoverable using established recovery techniques. No depreciation is provided on development stage assets.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Investments

Investments in associates are held at cost less provisions for impairment. The carrying value of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined using a moving average cost formula.

Trade and other receivables

Trade receivables are amounts due from customers for petroleum products sold in the ordinary course of business.

Trade receivables are recognised initially at the transaction price. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The accounting policy on Financial Instruments contains details of impairment of receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Leases

Definition

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the company to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the company has the right to:

- Obtain substantially all the economic benefits from the use of the underlying asset, and;
- Direct the use of the underlying asset

Where contracts contain a lease coupled with an agreement to purchase or sell other goods or services (i.e., non-lease components), the company has made an accounting policy election, by class of underlying asset, to account for both components as a single lease component.

Initial recognition and measurement

The company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term.

The right-of-use asset is initially measured at the amount of the lease liability.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Subsequent measurement

After the commencement date, the company measures the lease liability by:

- (a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are included in finance cost in the Statement of Profit or Loss. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

Lease modifications

If a lease is modified, the modified contract is evaluated to determine whether it is or contains a lease. If a lease continues to exist, the lease modification will result in either a separate lease or a change in the accounting for the existing lease.

For a modification that fully or partially decreases the scope of the lease, IFRS 16 requires a lessee to decrease the carrying amount of the right-of-use asset to reflect partial or full termination of the lease. Any difference between those adjustments is recognised in the Statement of Profit or Loss at the effective date of the modification.

For all other lease modifications which are not accounted for as a separate lease, IFRS 16 requires the lessee to recognise the amount of the re-measurement of the lease liability as an adjustment to the corresponding right-of-use asset without affecting the Statement of Profit or Loss.

Short term and low value leases

The company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less.

The company has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.

Lease payments on short term and low value leases are accounted for on a straight line basis over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the Statement of Profit or Loss.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Underlift/overlift

Underlift or overlift of entitlement to production is valued at the lower of the cost or year-end contract price where fixed, or otherwise at the market price prevailing.

The notes on pages 7 to 27 form an integral part of these financial statements.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event where it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Decommissioning provision

Provision for decommissioning is made when the underlying assets to be decommissioned are first placed in situ or when the assets are acquired, if later. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. A corresponding tangible fixed asset of an amount equivalent to the provision is also created. This is subsequently depreciated as part of the capital costs of the production facilities. Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the fixed asset.

Unwinding of the discount of future decommissioning provisions is included as a separate financial item in the Statement of Profit or Loss under the Interest payable and similar expenses heading.

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.

Dividends

Dividends payable are only recognised as a liability if declared prior to year-end.

Dividend income is recognised as income when the company's right to receive dividends is established.

Joint ventures

The company has entered into a number of unincorporated joint venture agreements in which it has a long-term interest and shares control of oil fields operated by other co-venturers. These ventures cover the majority of the company's North Sea operations. The financial statements include the company's proportionate share of the results of operations and balances related to these joint ventures.

Financial instruments

Initial recognition

The company recognises financial assets in the Statement of Financial Position when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. After initial recognition, financial assets are measured at amortised cost, fair value through Other Comprehensive Income or fair value through the Statement of Profit or Loss.

Classification

The company's financial assets consist of trade and other receivables, receivables from other group companies and cash balances.

The notes on pages 7 to 27 form an integral part of these financial statements.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Derecognition

Financial assets

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or the company transfers these rights or the company does not retain control of the financial asset.

Impairment of financial assets

Measurement of Expected Credit Losses

Impairment is based on an expected credit loss model. Under the expected credit loss model an allowance for losses is calculated based on a 12-month expected credit loss or a lifetime expected credit loss. The company has chosen to make allowance for expected losses on a lifetime basis.

For the current accounting period the financial assets are not impaired.

3 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Decommissioning of oil and gas properties

Decommissioning costs will be incurred by the company at the end of the operating life of the company's oil and gas assets. The company assesses its decommissioning provision at each reporting date. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing, extent and amount of expenditure may also change. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The provision at the reporting date represents management's best estimate of the present value of the future decommissioning costs required.

Impairment of oil and gas assets

Impairment exists when the carrying value of a cash generating unit exceeds its recoverable amount. The recoverable amount requires the use of estimates and assumptions such as long term oil prices, discount rates, operating costs, future capital requirements and operating performance. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of a cash generating unit.

The notes on pages 7 to 27 form an integral part of these financial statements.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Unit of production ("UOP") depreciation of oil and gas assets

Oil and gas assets are depreciated using the UOP method with production taken over proved and probable hydrocarbon reserves. This results in a depreciation charge proportional to the depletion of the anticipated remaining production from the field.

The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation will be impacted to the extent that actual production in the future is different from the current forecast production based on total proved and probable reserves, or future capital expenditure estimates change. Changes to proved and probable reserves could arise due to changes in the factors or assumptions used in estimating reserves.

4 Revenue

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

	2019	2018
	\$ 000	Restated \$ 000
Sale of petroleum products	554,483	477,132
Rendering of services	13,653	26,303
Other revenue	33,552	29,689
	<u>601,688</u>	<u>533,124</u>

The company has four major customers (2018: three) who respectively contribute 33% (\$187 million), 22% (\$128 million), 18% (\$106 million) and 15% (\$87 million) (2018 respectively: 46% (\$222 million), 21% (\$98 million) and 17% (\$83 million)).

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)

5 Operating profit

Arrived at after charging/(crediting)

	2019 \$ 000	2018 \$ 000
Depreciation expense	241,239	184,203
Amortisation expense	7,433	5,650
Impairment loss on exploration and evaluation assets	-	103,751
Foreign exchange loss/(gain)	300	(891)
Finance lease charges	-	3,065
Loss on disposal	1,191	487

The 2018 Finance lease charges represent the company's share of the cost of leasing offices. Due to the application of IFRS 16, the property is now held within another Group company (Apache North Sea Limited). The interest expense relating to Apache Beryl I Limited leases are reported within Interest payable and similar expenses.

6 Staff costs

The company has no employees (2018: Nil). During the year, staff were seconded from Apache North Sea Production Limited, whose principal activity is the provision of services to other group companies. Staff costs are recharged to the relevant company within the group based on a time allocation.

7 Directors' remuneration

In both years the directors were remunerated by another Apache group company, with management charges being passed on as appropriate. In 2019 one director (2018: one) received remuneration, amounting to \$1,008,000 (2018: \$886,000) representing overall compensation in respect of his services to Apache Beryl I Limited. This includes \$43,400 (2018: \$33,000) in respect of employer's pension contributions.

During the year no director (2018 - no director) exercised stock options.

The emoluments of the highest paid director was \$1,008,000 (2018: \$886,000) and the company paid \$43,400 (2018: \$33,000) in respect of employer's pension contributions.

All directors' contracts of employment are held with another group company. The directors also hold office in other group undertakings. Emoluments paid to directors by other group companies are disclosed within their financial statements.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)

8 Interest receivable and similar income

	2019 \$ 000	2018 \$ 000
Interest income	2	5
Intercompany interest	35,555	33,733
	<u>35,557</u>	<u>33,738</u>

9 Interest payable and similar expenses

	2019 \$ 000	2018 \$ 000
Other finance costs	32	-
Accretion expense on decommissioning liability	37,395	36,289
Interest paid to a group company	4,418	8,388
Interest expense on leases	2,385	-
	<u>44,230</u>	<u>44,677</u>

10 Tax on profit on ordinary activities

Tax charged/(credited) in the Income Statement is made up as follows:

	2019 \$ 000	2018 \$ 000
Current taxation		
UK corporation tax	72,342	62,710
UK corporation tax adjustment to prior periods	<u>(3,642)</u>	<u>(102)</u>
	<u>68,700</u>	<u>62,608</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	(23,082)	(69,556)
Attributable to the true-up of prior year balances	<u>3,558</u>	<u>(4,490)</u>
Total deferred taxation	<u>(19,524)</u>	<u>(74,046)</u>
Tax charge/(benefit) in the Income Statement	<u>49,176</u>	<u>(11,438)</u>

The differences between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

The notes on pages 7 to 27 form an integral part of these financial statements.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)

10 Tax on profit on ordinary activities (continued)

	2019 \$ 000	2018 \$ 000
Profit before tax	<u>196,227</u>	<u>34,515</u>
Corporation tax at standard rate	58,868	10,354
Expenses not subject to tax	2,345	2,553
Income taxed at different rates	(3,908)	(3,711)
True-up of prior year amounts	(85)	(4,591)
Net effect of supplementary charge and field allowances	94	(15,461)
Group relief received for no compensation	(3,201)	(6,410)
Other	<u>(4,937)</u>	<u>5,828</u>
Total tax charge/(credit)	<u>49,176</u>	<u>(11,438)</u>

Upstream oil and gas production activities are taxed at a UK corporation tax rate of 30% (2018: 30%) plus a supplementary charge of 10% (2018: 10%), giving an overall effective rate of 40% (2018: 40%).

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)

10 Tax on profit on ordinary activities (continued)

Deferred tax liabilities

Deferred tax liabilities are made up as follows:

	2019 \$ 000	2018 \$ 000
Accelerated capital allowances	439,159	461,875
Decommissioning provision	(256,024)	(249,414)
Field allowances	(23,425)	(29,946)
Other	4,589	1,303
Right of Use Assets	26,751	-
Lease Liability	(26,756)	-
Net tax liabilities	<u>164,294</u>	<u>183,818</u>

11 Intangible assets

	Goodwill \$ 000	Exploration & Evaluation assets \$ 000	Total \$ 000
Cost			
At 1 January 2019	82,992	4,666	87,658
Additions	-	53,135	53,135
Transfers	-	(49,086)	(49,086)
At 31 December 2019	<u>82,992</u>	<u>8,715</u>	<u>91,707</u>
Amortisation			
At 1 January 2019	39,778	-	39,778
Amortisation charge	7,433	-	7,433
At 31 December 2019	<u>47,211</u>	<u>-</u>	<u>47,211</u>
Carrying amount			
At 31 December 2019	<u>35,781</u>	<u>8,715</u>	<u>44,496</u>
At 31 December 2018	<u>43,214</u>	<u>4,666</u>	<u>47,880</u>

The notes on pages 7 to 27 form an integral part of these financial statements.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)

12 Property, plant and equipment

	Other Tangible Assets \$ 000	Development Stage Assets \$ 000	Producing Assets \$ 000	Total \$ 000
Cost or valuation				
At 1 January 2019	1,512	10,731	4,779,351	4,791,594
Additions	43	-	154,071	154,114
Transfers	-	-	49,087	49,087
Change in decommissioning provision	-	-	(20,619)	(20,619)
At 31 December 2019	1,555	10,731	4,961,890	4,974,176
Depreciation				
At 1 January 2019	877	10,731	3,669,883	3,681,491
Charge for the year	341	-	240,898	241,239
At 31 December 2019	1,218	10,731	3,910,781	3,922,730
Carrying amount				
At 31 December 2019	337	-	1,051,109	1,051,446
At 31 December 2018	635	-	1,109,468	1,110,103

During 2019, the decommissioning provision was revised downwards to reflect changes in the timing and costs associated with the decommissioning of the company's oil and gas producing assets.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)

12 Property, plant and equipment (continued)

Impairment

Oil and Gas assets

The company assesses the net book value of its oil and gas assets whenever events or changes indicate that their carrying value may not be recoverable. For the 2019 financial statements, the company conducted the review and due to an overall decrease in Proved and Probable reserves prompted an assessment of impairment. The results of this assessment concluded that no impairment of assets were required in 2019.

13 Right of use assets

	Drill Rigs \$ 000	Total \$ 000
Cost or valuation		
At 1 January 2019	70,127	70,127
Timing	(549)	(549)
Modifications	47,271	47,271
At 31 December 2019	116,849	116,849
Depreciation		
Charge for the year	49,974	49,974
At 31 December 2019	49,974	49,974
Carrying amount		
At 31 December 2019	66,875	66,875

14 Investments

Associate	\$ 000
Cost	
At 31 December 2018 and 31 December 2019	206
Provision	
At 31 December 2018 and 31 December 2019	-
Carrying amount	
At 31 December 2018 and 31 December 2019	206

As at 31 December 2019 the company had invested in a 10% holding of Paloak Limited, a company owning the assets of the International School in Aberdeen.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)

15 Inventory

	31 December 2019 \$ 000	31 December 2018 \$ 000
Crude oil	18,237	10,534
Raw materials and consumables	51,249	49,398
Other inventories	1,276	1,056
	<u>70,762</u>	<u>60,988</u>

The company's proportionate share of raw materials and consumables are mainly capitalised within property, plant and equipment when taken from inventory.

16 Trade and other receivables

	31 December 2019 \$ 000	31 December 2018 \$ 000
Trade receivables	12,605	53,528
Receivables from group undertakings	608,669	686,568
Prepayments	206	-
Other receivables	18,325	16,628
Total current trade and other receivables	<u>639,805</u>	<u>756,724</u>

The fair value of those trade and other receivables classified as financial instrument loans and receivables approximates the carrying value of that asset.

The intercompany loan totalling \$603,493,000 at 31 December 2019 (2018: \$680,782,000), and included within receivables from group undertakings, currently bears interest at LIBOR plus 3%.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)

17 Leases

Leases included in creditors

	31 December 2019 \$ 000
Current portion of long term lease liabilities	49,734
Long term lease liabilities	<u>17,155</u>

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	31 December 2019 \$ 000
Less than one year	49,734
2 years	17,001
3 years and over	<u>154</u>
Total lease liabilities (undiscounted)	<u>66,889</u>

Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

	31 December 2019 \$ 000
Payment	
Right of use assets	50,512
Interest	<u>2,385</u>
Total cash outflow	<u>52,897</u>

18 Cash at bank and in hand

	31 December 2019 \$ 000	31 December 2018 \$ 000
Cash at bank	<u>485</u>	<u>116</u>

The notes on pages 7 to 27 form an integral part of these financial statements.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)

19 Trade and other payables

	31 December 2019 \$ 000	31 December 2018 \$ 000
Trade payables	8,918	7,289
Accrued expenses	38,693	26,167
Amounts due to group undertakings	237,733	181,537
Social security and other taxes	2	81
Current corporation tax	11,770	10,057
Other payables	10,059	7,847
	<u>307,175</u>	<u>232,978</u>

The fair value of the trade and other payables classified as financial instruments approximates the carrying value of that liability.

Amounts due to group undertakings mainly consists of Intercompany balances with Apache Corporation and Apache North Sea Production Limited.

20 Provisions for liabilities

	Decommissioning \$ 000	Deferred taxation \$ 000	Long term lease liabilities \$ 000	Total \$ 000
At 1 January 2019	623,378	183,818	-	807,196
Increase / (Decrease) in existing provision	(26,709)	-	17,155	(9,554)
Increase/(decrease) in existing provision charged/(credited) to P&L	37,395	(19,524)	-	17,871
Payments made	(154)	-	-	(154)
At 31 December 2019	<u>633,910</u>	<u>164,294</u>	<u>17,155</u>	<u>815,359</u>

The notes on pages 7 to 27 form an integral part of these financial statements.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)

20 Provisions for liabilities (continued)

Decommissioning costs represent the present value of the estimated future costs of abandonment for existing oil and gas production facilities. At 31 December 2019, the provision for the costs of decommissioning these facilities at the end of their economic lives was \$640,059,000 (2018: \$623,535,000). These costs are expected to be incurred in the years 2020 - 2036 (2018: 2019 - 2036). The decommissioning costs estimated to be incurred in 2020 amounting to \$6,149,000 have been included in other payables in Note 19 (2018: \$157,000 included in other payables).

The provision has been estimated using existing technology, at current prices inflated at a rate of 1.5% and discounted using a rate of 6% in accordance with International Accounting Standard No. 37, "Provisions, Contingent Liabilities and Contingent Assets".

21 Called up share capital

Allotted, called up and fully paid shares

	No. 000	2019 \$ 000	No. 000	2018 \$ 000
Ordinary shares of \$10 each	<u>10</u>	<u>100</u>	<u>10</u>	<u>100</u>

22 Dividends

Dividends were paid to Apache UK Investment Limited of \$365,802,000 (\$36,580.2 per share) on 15 May 2019 and \$15,286,000 (\$1,528.6 per share) on 15 November 2019 (2018 dividends paid were \$19,210,000 being \$1,921.0 per share).

23 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was \$ 17,210,000 (2018 - \$32,077,000).

Other financial commitments

The financial commitments contracted for but not provided in the financial statements represents the commitment for the use of the SEGAL pipeline and SAGE TPA. The total amount of other financial commitments not provided in the financial statements was \$70,504,000 (2018 - \$63,159,000).

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)

24 Parent and ultimate parent undertaking

The company's immediate parent is Apache UK Investment Limited.

The ultimate parent is Apache Corporation, which is registered in the United States of America.

The name of the parent of the group in whose consolidated financial statements the company's financial statements are consolidated is Apache Corporation.

The most senior parent entity producing publicly available financial statements is Apache Corporation. These financial statements are available upon request from One Post Oak Central, 2000 Post Oak Boulevard, Suite 100, Houston, Texas - 77056-4400, USA.

25 Non adjusting events after the financial period

Since December 31, 2019, the global economy has been deeply impacted by the effects of the coronavirus 2019 (COVID-19) pandemic and related governmental action. Apache Corporation responded quickly taking a number of decisive actions including;

- Established primary initiatives to prioritise the health and safety of the company's employees and communities in which Apache operates, including closing the office, implementing work-from-home processes and stringent operational protocols and initiating contingency plans to ensure continuity in the event of a more sustained impact.
- Implemented deeper cost cutting measures as part of the corporate redesign and organisational initiatives.

As the company evaluates the remainder of 2020 under prolonged effects of COVID-19 pandemic, there are a number of fundamental uncertainties. Key among these concerns is the timing and magnitude of worldwide demand recovery and worldwide supply resources. For Apache Corporation, the immediate course of action is to actively reduce its cost structure, protect its balance sheet and prudently manage operations to preserve cash flow. The current crisis, however, is still evolving and may become more severe and complex. The COVID-19 pandemic may also materially adversely affect the company's results in a manner that is either not currently known or that the company does not currently consider to be a significant risk to the business.

Subsequent to year end, letters of credit were issued to support North Sea decommissioning obligations of the Company. As of September 30, 2020, an aggregate £637 million in letters of credit was outstanding. As the event occurred after year end, no adjustment has been made to reflect this in these sets of financial statements.