LONGBOAT ENERGY PLC

ANNUAL REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

FOR THE YEAR TO 31 DECEMBER 2020

Contents

COMPANY INFORMATION
for the Period 1 January 2020 to 31 December 2020

DIRECTORS:
Graham Duncan Stewart (Non-Executive Chairman)
Helge Ansgar Hammer (Chief Executive Officer)
Jonathan Robert Cooper (Chief Financial Officer)
Brent Cheshire (Senior Independent Non-Executive Director)
Jorunn Johanne Saetre (Independent Non-Executive Director)
Katherine Louise Margiad Roe (Independent Non-Executive Director)

COMPANY SECRETARY:
Julian Riddick

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CEO Introductory Statement

Although Covid-19 caused a hiatus the M&A market is starting to return and we have seen an increase in activity and opportunities. In addition to the active processes we are involved in, we continue to review the numerous opportunities that are emerging as the market recovers.

I am encouraged to report that Longboat is currently participating in a number of processes where we have unique knowledge and can take advantage of the continuing market dislocation.

Longboat's business strategy remains unchanged. We floated the Company on AIM in November 2019 to replicate the success of Faroe Petroleum; to create a full-cycle North Sea E&P company, deliver growth and shareholder value through value accretive M&A and focus on lower-risk, near-field exploration opportunities with access to infrastructure.

In 2020 we experienced unprecedented changes to all aspects of society and the global economy with the energy sector particularly hard hit as we witnessed an historic fall in demand. Global M&A deal count tumbled to a 20-year low in 2020.

In the North Sea, a significant amount of portfolio rationalisation and M&A activity was put on-hold by the pandemic and subsequent oil price crash. Longboat spent significant time and resources on a number of bilateral processes for multi-asset deals which are a very good match with our investment objectives. These processes were impacted by the pandemic-related issues, leading to delays and deferrals; however, we believe that several of these are likely to recommence in 2021.

This year has seen oil and gas prices stabilising at a much higher level and vaccination programmes are being rolled out. The transaction market is already looking more positive and in the UK, several large production deals have already been announced. The activity so far this year has been dominated by buyers who seem willing to bid for assets at a level that would not meet our investment strategy. However there are several processes that have been launched recently, and we expect more assets to come to market as vendors seek to take advantage of the uptick in commodity prices.

In Norway, temporary tax incentives have resulted in continued high level of exploration drilling with many development projects now being planned. Exploration drilling results in Norway have remained very strong, including two excellent discoveries by ConocoPhillips in the second half of 2020 and two significant discoveries by Equinor in the first months of this year. In consequence, we see attractive Norwegian transaction opportunities in the exploration, appraisal and development areas, and some of the processes we are currently pursuing involve potential exploration farm-ins. Accordingly, we have included the acquisition of exploration assets as an integral part our investment strategy.

Longboat remains well-placed to transact. We have an experienced team with excellent relationships across the industry and we have the ability to absorb personnel as part of a transaction, if required. With a backlog of deals under way where sellers are under increasing pressure to exit assets, we believe there will be many value accretive opportunities for Longboat. We are also encouraged by good progress with the processes that we currently have underway. However, patience will still be required given the ongoing challenges that the pandemic still presents.

Financially we retain a strong cash position at £7.0 million as at 31 December 2020, and a receivable of £0.7m resulting from a tax rebate for 78% of our Norwegian E&P spend. The fixed-cost cash-burn rate remains low at c £125k pcm while the team keeps working to deliver Longboat's right first deal.

Strategic report

The Directors are pleased to present to the shareholders the annual report and audited financial statements of Longboat for the period to 31 December 2020. Given that the Company is currently an investment company rather than an oil and gas company and that the Company’s time and resources are being fully deployed in meeting the Company’s investment objectives, this report is being kept as short and simple as is practicable.

Acquisition strategy

The investment objectives of the Company are to create a full-cycle North Sea E&P company in order to deliver value to investors. The Company’s Board of Directors has excellent relationships across the North Sea oil and gas industry which it believes will provide the Company with access to deal opportunities.

Through focus on and investment in acquired assets, the Directors believe that they will be able to achieve the investment objectives of the Company and create value:

- by targeting assets that are non-core to existing owners;
- through geological expertise, technical knowledge and understanding in addition to deep experience across the E&P life cycle;
- through more efficient operations, cost reductions and targeted investments in the assets to be acquired; and
- by focusing on assets that have the potential to provide material upside to Longboat Energy.

The Company aims to deliver value by applying the business model of growing production and reserves through value creative M&A and exploration. Longboat will focus on ‘near field’ exploration with access to infrastructure and de-risking through nearby discoveries.

The Company is targeting an initial acquisition that will deliver asset(s) that are able to meet its investment criteria (including near term cashflow) as well as provide an appropriate basis to build on the Company's investment objectives. Typical initial acquisition targets are likely to be:

- located offshore Norway and the UK or the wider EEA region;
- producing and/or near producing assets, providing cash flows to fund organic growth with robust economics, sustainable in a low oil price environment;
- exploration assets via farm-ins and APA applications;
- assets with identifiable upsides via organic growth through further field investment (infill drilling etc.), potential near-field exploration and with follow on opportunities to deliver a hub strategy;
- assets with aligned partnerships where the Company can influence and optimise operations; and
- assets where the management team's experience is valued by the other licence partners and the authorities and can be exploited to add value.

An objective in any acquisition will be a focus on investments where the Directors believe that their expertise and experience can be deployed to facilitate growth and unlock inherent value.

The Company does not intend to invest or trade in physical commodities except where such physical commodities form part of a producing asset. The Company's equity interest in a proposed acquisition may range from a minority position to 100 per cent ownership.

The Directors will conduct initial due diligence appraisals of potential targets and, where they believe further investigation is warranted, ensure appropriately qualified persons carry out this process. The Directors are currently assessing various opportunities which may prove to be suitable acquisition candidates.

It is likely that the Company's financial resources will be invested in either a small number of projects or one large investment which may be deemed to be a reverse takeover under the AIM Rules. In every case, the Directors intend to mitigate risk by undertaking appropriate due diligence and transaction analysis. Any transaction constituting a reverse takeover under the AIM Rules will also require shareholder approval.

Farm-ins to exploration assets and APA applications are expected to be funded mainly in the form of equity. In the event of exploration discoveries following successful appraisal and approval of a field development plan, an appropriate level of debt would be raised to partially cover the financing of development of such assets. Portfolio management including divestment or part-divestment of discoveries that move into development will also be considered in order to balance and manage risk. Acquisitions of producing and near-producing assets are more likely to include an element of debt to equity gearing.

As a key strategic requirement the Company will be actively involved in the unlocking of value in the assets that it acquires. The Company will seek active participation in the management of acquired assets irrespective of the equity ownership acquired in the assets with a view to improving performance and adding value to the assets. In Norway the "see to duty", a central part of industry regulations, allows and requires a non-operating partner to have significant input into the asset partnership.

The Directors consider that as acquisitions are made, and new acquisition opportunities arise, further equity funding of the Company will be required.

Investing Policy

The Company will look to achieve its investment objectives and strategy by taking an active approach in investments made in line with the following parameters:

- Geographic focus: initially the Company's principal focus will be acquiring assets or corporate opportunities based in or principally operating in Norway, the United Kingdom, or in the wider EEA region. The Company may consider acquiring assets globally, including in emerging markets.
- Sector focus: the Company intends to focus on the oil and gas sector.
- Proposed targets: the proposed acquisitions to be made by the Company may be licence applications, direct interests in oil and gas assets, quoted or unquoted companies, made by acquisition or through farm-ins, either in companies, partnerships or joint ventures.
- Types of investment and control of investments: it is anticipated that the Company will acquire and control one or more working interests, assets, businesses or companies on a long-term basis. The Company's equity interest in a proposed acquisition may range from a minority position to 100 per cent ownership. The Company intends, where possible, to be actively involved in the management and development of the assets that it acquires irrespective of the equity ownership acquired in the assets with a view to improving performance and adding value to the assets. The Board may issue new ordinary shares of 10p each in the share capital of the Company (‘Ordinary Shares’) as acquisition consideration to vendors of working interests, assets, or businesses as appropriate, and the Board would expect such new Ordinary Shares to represent a non-controlling or minority shareholding in the Company at that time.
- Investment size: the Company intends to use the net funds received from the placing of Ordinary Shares undertaken in November 2019 (the ‘Placing’), principally to investigate and pursue potential acquisitions, perform due diligence, contribute towards professional costs associated with an acquisition and fund the initial working capital requirements of the Company. It is envisaged that the Company's first acquisition will be in the region of an enterprise value of US$10-US$500 million, which will be funded through further equity issuance and debt to appropriate and prudent levels.
- Nature of returns: it is anticipated that returns to shareholders will be delivered through a combination of an appreciation in the Company's share price and, at an appropriate time, dividends paid out of retained earnings or a one-off capital return, if appropriate.

Any material change to this Investing Policy will be made only with the approval of shareholders.

The Directors believe that the Investing Policy can be substantially implemented within 18 months of Admission to AIM, which occurred on 28 November 2019. However this has taken longer than anticipated due to Covid-19 and, if this is not achieved, the Company, in accordance with the AIM Rules for Companies, will seek the consent of its shareholders for its Investing Policy or any changes thereto at the next Annual General Meeting of the Company and on an annual basis thereafter, until such time that its Investing Policy has been substantially implemented. If it appears unlikely that the Investing Policy will be substantially implemented, the Directors may consider returning the remaining proceeds from the Placing to shareholders.

The financial statements of Longboat Energy plc have been prepared on a going concern basis. In accordance with the AIM Rules for Companies, if the Company has not made an acquisition or has not substantially implemented its Investment Policy within 18 months of admission to the AIM market, which will occur on 28th May 2021, the Company is required to seek shareholder approval for its Investment Policy at the next Annual General Meeting of the Company and at each subsequent Annual General Meeting until such time as there has been an acquisition or the Investment Policy has been substantially implemented (such a resolution being referred to hereafter as a ‘Continuation Vote’). The reliance on future shareholder approval constitutes a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Given the nature of the Investing Policy, the Company does not intend to make regular periodic disclosures or calculations of its net asset value.

Section 172(1) Statement
Section 172 of the Companies Act 2006 sets out that Directors should have regard to stakeholder interests when discharging their duty to promote the success of the Company. The Directors consider that they have acted in good faith in such a way that would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172 (1)(a)-(f) of the Companies Act 2006 (set out below) in the decisions taken.

It should be noted however that given the nature of the Company, which remains an investment company with no operations, there is limited scope for such matters to impact the decisions and duties of the Directors.

Specific commentary has been made below against the relevant provisions of Section 172(1)(a) to (f) of the Companies Act:

(a) the likely consequences of any decision in the long term
The Company has reviewed multiple acquisition opportunities in the period and has either chosen not to proceed with them or has not reached mutual agreement on them. If the Company has not fulfilled its investment policy within 18 months of listing, this will require a continuation vote at the next AGM, as explained in detail above.

(b) the interests of the company's employees
Aside from the Executive Directors, the Group Business Development Director and Company Secretary, the Company does not have any other employees.

(c) the need to foster the company's business relationships with suppliers, customers and others
Aside from a small number of service providers, the success of the Company's investment strategy will be driven in part by the business relationships that exist between the Directors and the management of other oil and gas companies and as such the maintenance of such relationships is given a very high priority by the Directors.

(d) the impact of the company's operations on the community and the environment
During the current investment phase, the Company has no oil & gas operations. The Directors are nevertheless cognisant of the potential impact of future investments on affected communities and the environment and such factors will continue to be considered as part of investment appraisal and decision making.

(e) the desirability of the company maintaining a reputation for high standards of business conduct
The Company's standing and reputation with other oil and gas companies, equity investors, providers of debt, advisers and the relevant authorities are key in the Company achieving its investment objectives and the Company's ethics and behaviour, as summarised in the Company's Business Principle and Ethics, will continue to be central to the conduct of the Directors. The Company is advised by blue-chip experienced advisers which also assist in maintaining high standards of conduct.

(f) the need to act fairly as between members of the company
The Directors will continue to act fairly between the members of the Company as required under the Companies Act, the AIM Rules and QCA corporate governance principles.

Subsidiaries
The Company has one 100% owned subsidiary, Longboat Energy Norge AS.

Results and review of financial performance
The Company's loss after taxation for the year to 31 December 2020 was £1,713,675 principally comprising corporate administration costs.

Dividends
It is the Board's policy that the Company should seek to generate capital growth for its shareholders but may recommend distributions at some future date when the investment portfolio matures, and production revenues are established and when it becomes commercially prudent to do so.

Outlook
The focus of the Directors is the identification, securing and financing of the first acquisition that will deliver asset(s) that are able to meet the Company's investment criteria (including near term cashflow) as well as provide an appropriate basis to build on the Company's investment objectives. In parallel, the Board will continue to focus on seeking additional opportunities for generating shareholder returns in the medium and long-term beyond the first acquisition.

Helge Hammer
Chief Executive Officer

22 March 2021

Principal risks and uncertainties facing the business

The principal risks facing the Company were set out in the Company's AIM Admission Document dated 28 November 2019, and in the subsequent period to 31 December 2020 there have only been a number of appreciable changes in those risks as follows:

- COVID-19 - whilst the impact of the pandemic on society and the economy have been far-reaching, the key impact on the Company has been the significant reduction in A&D activity. The dramatic fall in demand and consequent collapse in oil and gas prices had the effect of closing down the A&D market whilst buyers and sellers adjusted their value and price expectations. In addition, the rolling programme of lockdowns has inhibited the ability to arrange face to face meetings which are still such an important part of deal making. Whilst the Company had identified the risks associated with commodity price volatility, it had not factored in the impact on the A&D market caused by the pandemic;
- Timing of investments - the Company cannot predict how long it will take to implement its Investment Policy or whether it will be able to do so at all. Pursuant to the AIM Rules for Companies, if the Company has not substantially implemented its Investment Policy within 18 months of admission, the investment policy will be subject to approval by shareholders at the 2021 Annual General Meeting of the Company and annually thereafter. A resolving action such as the return of funds to shareholders should be considered if shareholder consent is not obtained;
- Carbon Taxes - fiscal risks were already included on the risk register but the level of potential increases in Carbon taxes in both the UK and in Norway are of particular concern. A Climate Plan White Paper has been published by the Norwegian Government announcing a significant but gradual increase in the CO_2 taxes which may lead to much higher operating costs and the earlier abandonment of mature fields.
- Exploration moratorium - Denmark will not licence any new oil and gas exploration in the Danish North Sea and there may be political pressure for other countries, including the UK and Norway, to restrict or potentially ban new exploration in the North Sea.

The other risks set out below are a selection of the main risks that face the company and are in shortened form and shareholders should refer to the Admission Document for the full schedule of risks. Accordingly, these risks should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties.

When the Company meets its investment objectives and secures an acquisition, the Company's risk profile will change, and a full statement of risks will be published in the subsequent Annual Report and accounts.

Area	Description	Mitigation
Limited operating history	The Company has a limited trading history and financial track record and there can be no assurance that the Company will be successful or that it will meet its investment objectives and there is no basis on which to evaluate the Company's ability to achieve the same.	The Directors have strong industry relationships that are expected to provide a pipeline of opportunities for the Company. The management team are able to utilise their deep industry network to identify opportunities for bilateral transactions.
Identifying and financing a suitable target	The Directors may not identify suitable acquisition targets and moreover the Company's cash resources will be insufficient to fund in full suitable acquisitions that are identified. Accordingly, the Company intends to seek additional sources of financing (through further public equity and/or debt) to implement its strategy but there can be no assurance that the Company will be able to raise those funds, whether on acceptable terms or at all.	The Directors are utilising their strong industry relationships that are expected to provide a pipeline of opportunities for the Company. As such new acquisition opportunities arise, further equity funding for the Company will be required which the Company will seek from its existing and new institutional investors.

Area	Description	Mitigation
The Company may face significant competition for acquisition opportunities	There may be significant competition from entities which possess greater technical, financial, human and other resources. The Company cannot assure investors that it will be successful against such competition. Such competition may cause the Company to be unsuccessful in executing an acquisition or may result in a successful acquisition being made at a significantly higher price than would otherwise have been the case.	It is not possible to mitigate competition for quality assets, however, the Company seeks to reduce competitive risk by targeting assets where it has a specific knowledge or would likely be a preferred partner.
Reliance on key personnel	The success of the Company, including its ability to identify and complete potential acquisitions, will be dependent on the services of key management and operating personnel, including both its existing Directors and individuals who have yet to be identified. If the Company fails to recruit or retain the necessary personnel, or if the Company loses the services of any of its key executives, its business could be materially and adversely affected.	In order to mitigate this risk, the Company has to offer competitive remuneration and retention packages to incentivise loyalty and good performance from its staff. There can be no mitigation against loss of key personnel resulting from any major accident or other loss of physical wellbeing.
Due diligence process	When conducting due diligence and making an assessment regarding an acquisition, the Company will be required to rely on resources available to it, including, in the main, data provided by the vendor, public information and, in some circumstances, third party investigations. As a result, there can be no assurance that the due diligence undertaken with respect to any potential project will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such project. Due diligence may also be insufficient to reveal all of the past or future liabilities relating to the operations and activities of the target.	In formulating bids to acquire assets, the Company utilises experienced senior professionals within the Company and external advisers to test the technical, cost and economic assumptions made.

Area	Description	Mitigation
Valuation error	Although the Company intends to use sources that are believed to be reliable, it may not always have access to the underlying information, methodology and other bases for such information and may not have independently verified the underlying information and, therefore, cannot guarantee the accuracy and completeness of externally or internally generated assumptions. Accordingly, errors in any of the assumptions or methodology employed in preparing a report on which the Company may place reliance may materially adversely affect the Company's valuation and therefore returns on any acquisition, business, results of operations, financial condition and prospects.	In formulating bids to acquire assets, the Company utilises experienced senior professionals within the Company and external advisers to test the technical, cost and economic assumptions made.
Increased pressure to reduce greenhouse gas emissions	There is increasing concern about climate change and the link between global warming and carbon emissions generated directly and indirectly by oil and gas activities. Certain pressure groups wish oil and gas to be replaced with other energy sources which generate lower emissions. In the medium to long term, should energy generators and consumers switch to new forms of energy, including renewables, there will be a corresponding reduction in demand for oil and gas. Market sentiment towards oil and gas companies may be negatively impacted by both government regulation and by activism reducing available capital, limiting the Company’s ability to pursue its investment policy, and reducing demand for the Company’s shares from both the public and institutions.	The Company is targeting assets predominately in Norway and the UK, which are transparent regimes with strict environmental regulation. Further, the Company intends to focus on near field exploration which makes the most of existing infrastructure and has a comparatively limited carbon footprint compared to greenfield projects.
Reserve and resource estimates	Any future reserve and/or resource figures relating to future projects will be estimates and there can be no assurances that the reserves or resources are present, will be recovered or that they can be brought into profitable production. Reserves and resources estimates may require revisions based on actual production experience. Furthermore, a decline in the market price for commodities produced by projects that the Company may invest in could render remaining reserves uneconomic to recover and may ultimately result in a restatement of reserves.	When pursuing an acquisition, in addition to its own assessment, the Company will engage petroleum engineers to generate an independent Competent Persons Report on the reserves and resources to be acquired.

Area	Description	Mitigation
Exploration/drilling, developing and operating risks	The Company intends to invest in projects relating to the exploration for and the development of resources which are speculative and involve a significant degree of risk. There is no assurance that such exploration will lead to commercial discoveries or, if there is a commercial discovery, that such reserves will be realisable. In addition, drilling operations involve a number of risks, many of which are beyond the control of the Company, which may delay or adversely impact the projects which the Company may have acquired or which the Company may have invested. These include mechanical failures or delay, adverse weather conditions and governmental regulations or delays. These delays and potential impacts could result in a project's activities being damaged, delayed or abandoned and substantial losses could be incurred.	Over time the Company will seek to drill multiple targets that carry a range of differing technical and commercial risks and focusing on near-field prospects. Operational drilling and HSE risks will be managed by the Company through its intended dedicated HSE personnel, Business Management System, third parties and other third-party operators. The Company will maintain a programme of insurance to cover such exposure up to recognised industry limits but should an incident occur of a magnitude in excess of such limits, the Company would be fully exposed to the financial consequences.
Climate change and related regulation	Many participants in the oil and gas sector are large users of energy and various regulatory measures aimed at reducing GHG emissions and improving energy efficiency may affect the Company's operations and acquisition opportunities. The Company expects GHG emission costs to increase from current levels beyond 2020 and for regulations targeting reduced GHG emissions to have a wider geographical application than today. There is continuing uncertainty over the detail of anticipated regulatory and policy developments, including the targets, mechanisms and penalties to be employed, the timeline for legislative change, the degree of global cooperation among nations and the homogeneity of the measures to be adopted across different regions. This ambiguity, in turn, creates uncertainty for the long-term viability for the Company's expected projects and operating costs and the constraints the Company may face in order to comply with any such new regulations.	There are certain macro risks that the Company is unable to offer any meaningful mitigation over, such as future potential climate change and related regulation.

Area	Description	Mitigation
The emergence of new technologies that disrupt the oil and gas sector, or a gradual shift towards alternative fuels as part of the energy transition	Greater-than-expected improvements in fuel efficiency over the near-term, whether due to technological advancements or more stringent regulation, could lower demand for diesel and gasoline. Legislative changes could also be accompanied by, or serve to accelerate, a shift in consumer preference towards alternative fuels due to increased environmental awareness and the improved competitiveness of "green" technologies. Moreover, the emergence of one or more disruptive technologies that rapidly accelerate the pace of change, or suddenly alter the direction of change, could have a negative impact on the Company's long-term strategy.	Not all risks can be mitigated. The Company fully supports the energy transition, while recognising the anticipated need for oil and gas in the global energy mix for the foreseeable future. Many technological advances such as large-scale carbon capture and high surface area to volume nanoparticles to absorb CO_2 have the potential to help the global population move towards its goal of zero carbon by cleaning up oil and gas emissions.
Fiscal and other risks derived from government involvement in the oil and gas industry	Any government action such as a change in oil or gas pricing policy (including royalties), exploration and development policy, or taxation rules or practice (particularly the UK's decommissioning tax relief and Norway's exploration and appraisal tax incentives), or renegotiation or nullification of existing concession contracts, could have a material effect on the Company.	The Company will be operating in jurisdictions with sophisticated tax authorities capable of assessing the adverse impact of any change in legislation before it is enacted.
Assessing future abandonment expenditure	When assessing assets for acquisition, the Company may assume certain obligations in respect of the decommissioning and abandonment of wells, fields and related infrastructure. It is difficult to forecast with any accuracy the future costs the Company will incur in satisfying such decommissioning obligations. Also, when such decommissioning costs crystallise, the Company will be jointly and severally liable for them and if partners default on their obligations, the Company could remain liable and its decommissioning liabilities could be magnified significantly through such default.	The Company will seek to agree a balanced sharing of any abandonment costs with the vendor and in addition will seek to build a balanced portfolio of producing assets that should decommission at different times to mitigate the overall cost impact. Notwithstanding that, the Company will be reliant upon generating surplus funds from its remaining portfolio to meet such liabilities.

Area	Description	Mitigation
Volatility of commodity prices	The supply, demand and prices for commodities are volatile and are influenced by factors beyond the Company's control. With increased pressure to reduce GHG emissions by replacing fossil fuel energy generation with zero emission energy generation it is possible that peak demand for oil will be reached, and oil price will be adversely impacted as and when this happens. A significant prolonged decline in commodity prices could impact the viability of some or all of the exploration, development and producing projects which the Company may propose to acquire.	Where and when appropriate the Company will put in place suitable hedging arrangements, in accordance with its hedging policy, to mitigate the risk of a fall in commodity prices but such arrangements will only cover the relatively short term, leaving the Company exposed to any longer-term decline in commodity prices, and in addition some of the hedging arrangements entered into by the Company also carry inherent delivery risks.

Approved on behalf of the Board on 22 March 2021.

Helge Hammer
Chief Executive Officer

Directors Report
for the Period to 31 December 2020

The Directors present their annual report with the financial statements of the Company for the period from 1 January 2020 to 31 December 2020.

Incorporation and listing
The Company was incorporated on 28 May 2019 and was admitted to trading on the AIM market of the London Stock Exchange on 28 November 2019.

Directors
The Directors who have held office during the period and to the date of this report, are as follows:

Helge Ansgar Hammer – *Chief Executive Officer (Age: 59) – appointed 28 May 2019*
Helge has over 30 years' technical and business experience and served as Chief Operating Officer of Faroe Petroleum plc from 2006 until 2020. Prior to joining Faroe Petroleum plc, he was Asset Manager and Deputy Managing Director at Paladin Resources. He holds a degree in Petroleum Engineering from NTH University in Trondheim and in Economics from the Institut Francais du Pétrole in Paris. In addition, he worked for Shell for 13 years as a Reservoir Engineer, Team Leader and Business Manager in Norway, Oman, Australia and the Netherlands.

Jonathan Robert Cooper – *Chief Financial Officer (Age: 52) – appointed 3 September 2019*
Jonathan has a broad range of experience in mergers, acquisitions, public offerings and financings. He is a chartered accountant by training having qualified with KPMG before joining Dresdner Kleinwort Benson (later Wasserstein) in their Oil and Gas Corporate Finance and Advisory Team. Jonathan is a Fellow of the ICAEW and also has a PhD in Mechanical Engineering from the University of Leeds. In 2006 he was appointed as an Executive Director of Gulf Keystone Petroleum, followed by Sterling Energy plc in 2008, where he was Finance Director. He subsequently joined Lamprell plc as Chief Financial Officer in 2011. Jonathan served as Chief Financial Officer of Faroe Petroleum Plc from 2013 until 2019.

Graham Duncan Stewart – *Non-Executive Chairman (Age: 60) – appointed 3 September 2019*
Graham holds an honours degree in Offshore Engineering from Heriot-Watt University and an MBA from Edinburgh University and has over 25 years' experience in oil and gas technical commercial affairs. He founded Faroe Petroleum plc in 1998, where he was Non-Executive Chairman until December 2002 when he became Chief Executive Officer until January 2019 and before that he was with Dana Petroleum plc, the Petroleum Science and Technology Institute and Schlumberger. Graham is also Chair of the Greenland gold mining company AEX Gold inc. Graham is Chairman of the Nomination Committee of the Company.

Brent Cheshire CBE – *Senior Independent Non-Executive Director (Age: 66) - appointed 28 November 2019*
Brent commenced his career with Shell as a geologist in its exploration and production division, eventually spending 14 years with the group. In 1991, he joined Amerada Hess, holding a number of senior positions, latterly as Senior Vice President for E&P Worldwide Technology, where he was responsible for all global technical activities. In 2004, he became DONG Energy's first UK employee, as managing director of its UK E&P business. Over the next 13 years, eventually becoming managing director of DONG Wind Power and Chairman of its entire UK operations; he developed the business into one of the largest acreage holders West of Shetland and the leading offshore wind developer in the UK. Brent was a Director of Faroe Petroleum plc from 2017 until 2019. He is Chairman of the Mersey Tidal Commission and a Professor in Practice at Durham University. He was made a CBE in the Queen's Birthday Honours in 2018 for services to the Renewable Energy Sector. He is a Fellow of the Geological Society and a Fellow of the Energy Institute. Brent is Chairman of the Remuneration Committee and a member of the Audit Committee.

Katherine Louise Margiad Roe – *Independent Non-Executive Director (Age: 43) – appointed 28 November 2019*
Katherine's career began in investment banking in the City of London, starting within Morgan Stanley's investment banking division and then as a Director of Investment Banking at Panmure Gordon. For her last four years at Panmure Gordon, she headed up the natural resources team and has extensive experience in oil and gas transactions, advising companies on a range of strategic options and equity capital fund raisings and has led many capital markets and M&A transactions. Katherine is the Chief Executive Officer of Wentworth Resources

Plc, an AIM quoted oil and gas company with gas production and extensive exploration interests in the onshore Rovuma Basin of Southern Tanzania. Katherine was an independent Non-Executive Director of Faroe Petroleum plc from 2018 until 2019 and she is also a Non-Executive Director of ITM Power PLC, a leading manufacturer of integrated hydrogen energy solutions. Katherine is Chair of the Audit Committee and a member of the Remuneration Committee.

Jorunn Johanne Saetre – *Independent Non-Executive Director (Age: 64) – appointed 28 November 2019*
Jorunn is a chemical engineer, who worked in senior positions with Halliburton, in Norway, Europe and the US, over a 30-year period. Her roles included serving as director of Halliburton's European Research Centre, Head of Halliburton's overall Scandinavian operations and responsibility for Global Production Enhancement activities. In 2008, she was the first to be awarded the title of "Oil Woman of the Year" by the Stavanger Society of Petroleum Engineers. Jorunn held a management and business development role with the engineering support group AGR. She is currently project manager with the energy cluster Norwegian Energy Solutions and is a member of the Corporate assembly of Hydro, the fully integrated aluminium company. Jorunn was an Independent Non-Executive Director of Faroe Petroleum plc from 2014 until 2019. She is a member of the Audit and Nomination Committees.

Status and activities
The Company was set up with the objective of creating a full-cycle North Sea E&P company in order to deliver value to investors. During the period to 31 December 2020, the Directors have identified a number of potential acquisitions, which the Company continues to work on. Any material acquisition will be subject to approval by the shareholders of the Company.

Results and dividends
For the period to 31 December 2020, the Company’s loss after taxation was £1,713,675.

It is the Board’s policy that the Company should seek to generate capital growth for its shareholders but may recommend distributions at some future date when the investment portfolio matures, and production revenues are established and when it becomes commercially prudent to do so.

Future developments
The Directors continue to identify acquisition opportunities which meet the requirements of the Company’s investment policy.

Share capital
Details of shares issued by the Company are set out in Note 15 to the financial statements.

Conflicts of interest
Under the articles of association of the Company and in accordance with the provisions of the Companies Act 2006, a Director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the Company’s interests. However, the Directors may authorise conflicts and potential conflicts, as they deem appropriate. As a safeguard, only Directors who have no interest in the matter being considered will be able to take the relevant decision, and the Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate. During the financial period from 1 January 2020 to 31 December 2020, the directors have authorised no such conflicts or potential conflicts.

Directors’ interests in shares
Directors’ interests in the shares of the Company, including family interests, were as follows:

	Ordinary shares
Helge Hammer	300,000
Jonathan Cooper	125,000
Graham Stewart	150,000
Jorunn Saetre	25,000
Brent Cheshire	Nil
Katherine Roe	Nil

Directors' remuneration
Details for remuneration for each Director are provided in the Remuneration Report on pages 27 to 35.

Substantial shareholdings as at 28 February 2021

Shareholder	Shareholding (%)
Blackrock Investment Management	13.97%
Fidelity International	10.00%
Canaccord Genuity Wealth Management	10.00%
SVM Asset Management	5.00%
AXA Framlington Investment Managers	5.00%
Pentwater Capital Management	4.45%
Stonehage Fleming	3.45%

Independent auditors
The Directors have reason to believe that BDO LLP conducted an effective audit. The Directors have provided the auditors with full access to all of the books and records of the Company. BDO has expressed its willingness to continue to act as auditors to the Company and a resolution for its re- appointment will be proposed at the forthcoming Annual General Meeting.

Corporate Governance
The Directors recognise the importance of sound corporate governance and their associated report is set out on pages 20 to 26. As a company quoted on AIM, the Company has adopted the Quoted Companies Alliance (QCA) Corporate Governance Code, as amended from time to time.

Engagement with Employees Statement
At present there are only four employees being the two Executive Directors and two senior members of staff and so this element is not deemed to be necessary to report upon at present.

Engagement with Stakeholders Statement
This element of reporting is discussed in the §172 Statement on page 6.

Financial risk profile
The Company's financial instruments comprise mainly of cash and various items such as payables and receivables that arise directly from the Company's operations. A summary of the principal risks and uncertainties facing the Company are set out on pages 8-13.

Political and charitable donations
The Company did not make any political donations or incur any political expenditure during the period.

Statement as to disclosure of information to auditors

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors
BDO LLP were appointed as auditors during the period. The auditors, BDO LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting in accordance with s485 of the Companies Act 2006.

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

On behalf of the Board:

Helge Hammer Chief Executive Officer

22 March 2021

Corporate and Social Responsibility Report

Introduction

The Company is committed to high standards of health, safety and environmental performance. The health and safety of people, the protection of the environment and compliance with all applicable legal and internal requirements as well as industry best practice, is critical to the overall success of the Company. The Directors are developing the Company's Business Management System (BMS) to provide both the framework and mechanism for setting, monitoring and measuring suitable health, safety and environmental objectives as well as ensuring their continual improvement. The BMS will be in place with the requisite specialist staff at the time the Company makes it first acquisition.

Business Principles Ethics

The Company is committed to maintaining high standards of corporate governance to ensure that it is managed with openness, honesty and transparency. The Company's Business Principles and Ethics Policy, can be found on our website, is key to the way we work both internally and externally.

Longboat strives to meet the highest standards of integrity and ethics as it undertakes its activities. To ensure these values are core to the business, they will be integrated within the Company's BMS through policies, procedures and project plans. All policies are reviewed and signed off by the Chief Executive Officer which further reinforces our ethos of conducting our business with integrity which is a core principle as we meet the requirements of our strategy.

The Company's intended operations will be in Norway and the UK, which are amongst the most mature oil and gas jurisdictions in the world. This in turn will require the Company to operate to very high regulatory standards for Environmental, Health and Safety legislation.

Environmental stewardship

We support the goals of the Paris Agreement and the net zero emissions by 2050 targets set by the UK Government and the European Commission. We recognise the combined challenge of meeting increasing energy needs driven by a growing global and more affluent population and the urgent need to reduce global carbon emissions. As such, we aim to take an active role in reducing the carbon footprint from our activities as we develop as a company and to support the energy transition through playing an active role at a company and industry level to promote best practice in environmental stewardship.

We also support the UN Sustainable Development Energy Goal and plan to develop our business so that we have a sustainable strategy as an oil company providing safe and responsible energy at a low cost with low emissions.

Accordingly, we are committed to:

- supporting the energy transition through playing an active role to promote best practice in environmental stewardship;
- pursuing a strategy of delivering low Scope 1 and Scope 2 emissions per barrel, to minimise carbon intensity of operations (incl. no routine flaring) and transparent annual disclosure of GHG emissions;
- prioritising renewable energy sources in the powering of operated and non-operated platforms where possible;
- using an internal carbon price for investment decisions; and
- being net zero by 2050 with an earlier target date to be set dependent on the profile of the assets acquired.

Greenhouse gas (GHG) emissions

Following the acquisition of oil and gas assets, the Company will report the Scope 1 emissions of GHGs that have been generated as a result of its operated exploration and production activities as part of its annual HSE monitoring programme. GHG emissions are reported annually to the Norwegian Environment Agency and to BEIS (Department for Business, Energy & Industrial Strategy) in the UK. During 2020 Longboat did not own any oil and gas assets and therefore as an investment company has no Scope 1 emissions or chemical spills to report as a result of oil and gas operations. It is the Company's intention to acquire oil and gas assets, if successful, the Company will assess and manage the risks of its operations in order to improve its environmental performance on a continual basis. It is our intention that environmental management will be an integral part of the BMS and will include the following activities: environmental permits, identification of main environmental aspects, chemical assessments and substitution plans, environmental reporting, environmental surveys/studies and assessments and oil spill preparedness plans.

In the absence of oil and gas assets, Longboat has estimated its scope 2 carbon dioxide emissions based on the operation of its two small offices based in London and Stavanger, which includes heating, flights, other travel, computer and phone usage. For 2020 these scope 2 emissions were estimated to be approximately 10 tonnes of carbon dioxide (Note the prior year is not relevant as Longboat was only listed in November 2019). The methodology and assumptions for estimating Scope 2 Emissions were prepared in conjunction with Thundersaid Energy, the research consultancy for the energy transition.

People and Equal opportunities and discrimination

The Company is an equal opportunities employer and will recruit, employ and develop employees in line with best practice and based on the qualifications, experience and skills required for the work. We consider applications for employment from people regardless of gender, race, age, disability, marital status, sexual orientation or religious belief. We have respect for human dignity and the rights of the individual. We support the principles of, and promote respect for, the Universal Declaration of Human Rights.

Societal contribution

The Company intends to identify impactful community programmes to be funded as part of the longer-term corporate social investment strategy. There is extensive reporting of our statements and policies on issues available on the HSE and Governance section of our website including statements on: Anti-Bribery and corruption; Anti-facilitation of tax evasion; Human Rights; Modern Slavery Statement and Whistleblowing.

Corporate Governance

Chairman's Governance Statement

Dear Shareholder

As Chairman of the Company, I continue to provide leadership, ensuring that the Board is performing its role effectively and has the capacity, ability, structure, corporate governance systems and support to enable it to continue to do so.

This Governance section of the Annual Report provides an update on our Corporate Governance policy, and includes the Audit Committee Report, Remuneration Committee Report and the Directors' Report. In these reports we set out our governance structures and explain how we have applied the Quoted Companies Alliance (QCA) Corporate Governance Code ("QCA Code").

The Directors recognise the importance of sound corporate governance commensurate with the size of the Company and the interests of all shareholders. As a company quoted on AIM, the Company has adopted the QCA Code, as amended from time to time and established its governance structures accordingly during the year with the appointment of Board members and the establishment of the Committees. The QCA Code identifies ten corporate governance principles that AIM companies should follow. Details of how the Company follows these ten principles are set out below.

The disclosures required to be included in the Company's website in respect of the QCA Corporate Governance Code can be found at www.longboatenergy.com.

Principle 1 – Establish a strategy and business model which promote long-term value for the shareholders

Longboat's strategy and business model are developed by the Chief Executive Officer and approved by the Board. The Executive Committee, led by the Chief Executive Officer, is responsible for implementing the strategy and managing the business of the Company.

The investment objectives of the Company are to create a full-cycle North Sea E&P company to deliver value to investors. Through focus on and investment in acquired assets, the Directors believe that they will be able to achieve the investment objectives of the Company and create value: by targeting assets that are non-core to existing owners; through geological expertise, technical knowledge and understanding in addition to deep experience across the E&P life cycle; through more efficient operations, cost reductions and targeted investments in the assets to be acquired; and by focusing on assets that have the potential to provide material upside to the Company.

The Company aims to deliver value by applying the business model of growing production and reserves through value creative M&A and exploration, focusing on 'near field' exploration with access to infrastructure and de-risking through nearby discoveries. The Company is targeting an initial acquisition that will deliver asset(s) that are able to meet its investment criteria (including near term cashflow) as well as provide an appropriate basis to build on the Company's investment objectives.

Principle 2 – Seek to understand and meet shareholder needs and expectations

The Company seeks to maintain a continuing dialogue with its shareholders in order to communicate the Company's strategy and results and to understand the needs and expectations of its shareholders. In addition to shareholder General Meetings, the Chief Executive Officer and the Chief Financial Officer are available to all significant shareholders after the release of the financial results and the announcement of any significant transaction or result.

The Senior Independent Non-Executive Director is available to attend meetings with shareholders without the Executive Directors present, if requested by shareholders. Shareholders are invited to the Annual General Meeting held each year where Board members interact with our shareholders on a one-to-one basis and take questions as they arise. The Board hopes that the restrictions on public meetings will be lifted to enable shareholders to attend the forthcoming 2021 Annual General Meeting in person failing which the Company will make arrangements for there to be a supporting electronic platform to enable shareholders to follow proceedings.

Principle 3 – Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Company is aware of its corporate responsibilities to its stakeholders including personnel, future joint venture partners, regulatory and licensing authorities, the environment and wider society. As and when the Company makes its first acquisition it intends to take into account feedback received from stakeholders, by making amendments to its business plans and operations as appropriate.

The environmental impact of the Company's activities, following its first acquisition, will be carefully considered and the maintenance of high environmental standards will be a key priority and essential for the long-term success of the business.

Principle 4 – Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board is responsible for establishing and maintaining the system of internal controls and risk management systems and reviewing their effectiveness on an ongoing basis. The Directors will continue to assess the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity.

The internal controls are designed to manage rather than eliminate risk and provide reasonable but not absolute assurance against material misstatement or loss. The Company has appetite for economic risks as regards the performance of its future producing assets as well as geological risk, both in exploration drilling and field development drilling, up to certain financial thresholds. The Company does not have appetite for risks regarding solvency, health and safety, environmental and reputational matters.

The Company maintains appropriate insurance cover in respect of actions taken against the Directors, as well as against material loss or claims against the Company. The insurance cover in place will be reviewed on a periodic basis.

Principle 5 – Maintain the Board as a well-functioning, balanced team led by the Chairman

Led by the Non-Executive Chairman, the Board comprises three independent Non-Executive Directors and two Executive Directors. All of the Directors are subject to election by shareholders at the first Annual General Meeting after their appointment to the Board and will continue to seek re-election at least once every three years.

The Board is responsible to the shareholders for the proper management of the Company and will meet at least four times a year to set the strategy of the Company and review the operational and financial performance of the Company.

The Board considers itself sufficiently independent. The QCA Code suggests that a board should have at least two independent Non-Executive Directors. Aside from the Chairman, the Board has considered each of the three Non-Executive Director's length of service and interests in the share capital of the Company and consider that Mr Cheshire, Ms Roe and Ms Saetre are independent.

The Company has put in place Audit, Remuneration, Nomination and Disclosure committees as summarised under principle 9 below.

The Directors are expected to allocate sufficient time to prepare for and attend Board meetings, meetings of Board Committees of which they are members, annual general meetings, and any other shareholder meetings convened from time to time.

The following is a table of Board and Committee meetings held during the period

	Board Meetings[1]	Audit Committee	Nominations Committee	Remuneration Committee
Meetings held	4	4	2	3
Attendance:				
Executive Directors				
Jonathan Cooper	4			
Helge Hammer	4			
Non-Executive Directors				
Graham Stewart	4		2	
Brent Cheshire	4	4		3
Katherine Roe	4	4		3
Jorunn Sætre	4	4	2	

1 Excludes procedural meetings called for the specific approvals or matters that have the prior general approval of the full Board and are attended by a Committee of Directors

All Directors have disclosed any significant commitments outside their respective duties as Directors and confirmed that they have sufficient time to discharge their duties including Mr Stewart, who is chair of another quoted company and Ms Roe who is an executive director and a non-executive director of two other quoted companies (see biography on pages 14-15).

The Company encourages its Directors not to hold more than five mandates at quoted companies* where, for the purposes of calculating this limit, a non-executive Directorship counts as one mandate, a non-executive Chair counts as two mandates, and a position as executive Director is counted as three mandates. The Directors of the Company hold the following number of mandates none of which, on a weighted basis, exceed the calculation:

Mandates (no)	**Non-Executive**	**Non-Executive Chair**	**Executive Director**	**Weighted Score**
Executive Directors				
Jonathan Cooper			1	3
Helge Hammer			1	3
Non-Executive Directors				
Graham Stewart		2		4
Brent Cheshire	1			1
Katherine Roe	2		1	5
Jorunn Sætre	1			1

* discretion to be applied for companies not on the full list or deemed to be less complex and thereby demanding on a director's time noting that for the purposes of above, no distinction has been made.

Principle 6 – Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

Directors who have been appointed to the Board have been chosen because of the skills and experience they offer and their personal qualities and capabilities. The Board will regularly review the composition of the Board to ensure that it has the necessary breadth and depth of skills to support the ongoing strategy of the Company. Refer to the biographies on pages 14–15 for details of experience and skills.

The Directors receive updates from the Company Secretary in relation to corporate governance matters and annual AIM Rules briefings from the Company's NOMAD, and each Director takes responsibility for maintaining his or her own skill set, which includes roles and experience with other boards and organisations as well as formal training and seminars.

Each member of the Board is encouraged to put forward areas where the Company can provide appropriate training and developments for which funds will be made available for Directors were relevant and beneficial.

Non-Executive Directors have a contractual right to receive external advice, at the Company's expense, when necessary. In addition, the Directors have direct access to the advice and services of the Company Secretary.

Principle 7 – Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Board continuously evaluates the balance of skills, experience, knowledge, and independence of the Directors. The Board assesses and scrutinises its performance through an annual effectiveness review. Profiles of the skills and experience of the Directors are included in their biographical details on pages 14-15.

Performance Evaluation

Each year the Nomination Committee carries out an evaluation process, the first of which was undertaken in December 2020. The evaluation was supported by three processes, namely: a questionnaire focusing on Board and Committee composition and processes together with behaviour and activities; a skills matrix to identify potential gaps in Board and Committee skills, experience and knowledge; and a review of individual director characteristics against a checklist of key qualities.

Overall, the outcome of these separate processes reflects a Board that is functioning very well as a group, with each member contributing effectively. The Board represents a good mix of industry and financial knowledge and Board discussions are characterised as transparent and collaborative. The following areas were identified for focus and development:

Subject	Issue	Mitigation/Action
Skills Gap	No Board member is an expert in IT systems	The Company systems are well protected and currently the Company has limited external exposure but as the Company grows it may need to address this skills gap
Diversity	Similar ethnicity and background	Whilst one third of the Board is female, efforts should be made, as and when new appointments are made, to add diversity to the background and ethnicity of the Board
Succession	Absence of planning	Succession planning will be introduced once operations and an organisation structure have been established
Ongoing training	Limited in scope	Whilst there are very high levels of experience across the Board, each member is being encouraged to put forward areas where the Company can provide appropriate training

Principle 8 – Promote a corporate culture that is based on ethical values and behaviours

The Chief Executive Officer, together with the Board, believe that working with integrity and transparency are the core principles which underpin the Company's behaviour in pursuing its strategic objectives and will be key in delivering success. In an industry that is based on joint ventures, a reputation for ethical behaviour is essential if the Company is to succeed. To ensure these ethical values are core to the business, they are to be integrated within the Company's BMS through policies and procedures. Corporate governance is considered as being important for maintaining effective controls which helps keeps the confidence and trust of stakeholders high.

Principle 9 – Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board has overall responsibility for the strategic direction and performance of the Company. The Executive Directors have day-to-day responsibility for the operation of the Company's business and implementing the strategy of the Board.

The Board meets at least four times a year with detailed written reports provided well ahead of such meetings. Written recommendations from the Executive Directors for any major transactions will be delivered to the Board in a timely manner.

There is a clear division of responsibility at the head of the Company. The Chairman is responsible for running the business of the Board and the Chief Executive Officer is responsible for proposing the strategic focus to the Board.

The Company has established Audit, Remuneration, Nomination and Disclosure Committees in the period following its admission to AIM. The Chairman chairs the Nomination Committee. Formal terms of reference have been agreed for each of the Board committees, which are available on the Company's website, and whose responsibilities are summarised below:

Audit Committee this committee is responsible for monitoring the integrity of the Company's financial statements, reviewing significant financial reporting issues, and overseeing the relationship with the external auditors (including advising on their appointment, agreeing the scope of the audit and reviewing the audit findings). The Audit Committee comprises Katherine Roe (Chair), Brent Cheshire and Jorunn Saetre with Katherine Roe being recognised as having current and relevant financial experience. The Audit Committee will meet at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required and will also meet regularly with the Company's external auditors.

Remuneration Committee this committee is responsible for determining and agreeing with the Board the framework for the remuneration of the Executive Directors and other designated senior executives and, within the terms of the agreed framework, determining the total individual remuneration packages of such persons including, where appropriate, bonuses, incentive payments and share options or other share awards. The remuneration of Non-Executive Directors will be a matter for the chairman and the executive members of the Board. No Director will be involved in any decision as to his or her own remuneration.

The Remuneration Committee comprises Brent Cheshire (Chairman) and Katherine Roe and will meet at least twice a year and otherwise as required.

Nomination committee this committee is responsible for reviewing the structure, size and composition of the Board and identifying and nominating, for the approval of Board, candidates to fill vacancies on the Board as and when they arise. In addition, this committee is responsible for undertaking the performance review of the Board, its committees and individual directors. The Nomination Committee is comprised of Graham Stewart (Chairman) and Jorunn Saetre and will meet as required.

Disclosure committee this committee is responsible for ensuring that the Company makes timely and accurate disclosure of all information that is required to be disclosed to meet its disclosure obligations under the AIM rules. The Disclosure Committee comprises Jonathan Cooper (Chairman), Helge Hammer and Julian Riddick, and will meet as required.

Principle 10 – Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

Beyond the Annual General Meeting, the Chief Executive Officer and the Chief Financial Officer are available to all significant shareholders after the release of the Company's results. The Chairman and Senior Non-executive Independent Director ('SID') is available to major shareholders. The Chief Executive Officer, the Chairman and the SID are the primary points of contact for the shareholders and are available to answer queries from shareholders throughout the year, subject to the AIM disclosure rules.

The website of the Company will be regularly updated to include all relevant reports and information required under AIM Rule 26.

The results of voting on all resolutions at general meetings is posted to the Company's website on a timely basis, including any actions to be taken as a result of resolutions, which received a high percentage of votes against from shareholders. At the 2020 Annual General Meeting, all resolutions were passed with all votes cast in favour of all resolutions.

Share dealing

The Company has adopted, with effect from admission of its shares to AIM, a share dealing policy regulating trading and confidentiality of inside information for the Directors and other persons discharging managerial responsibilities (and their persons closely associated) which contains provisions appropriate for a company whose shares are admitted to trading on AIM (particularly relating to dealing during closed periods which will be in line with the EU Market Abuse Regulation (No. 596/2014)). The Company takes reasonable steps to ensure compliance by the Directors and any relevant employees with the terms of that share dealing policy. The Directors believe that the share dealing policy adopted by the Board is appropriate for a company quoted on AIM. The Board complies with Rule 21 of the AIM Rules for Companies relating to directors' dealings and takes reasonable steps to ensure compliance by the Company's "applicable employees" (as defined in the AIM Rules for Companies).

Relations with shareholders
The Directors are available for communication with shareholders and the Board hopes that the restrictions on public meetings will be lifted to enable all shareholders to attend and vote at the Annual General Meetings of the Company during which the Board will be available to discuss issues affecting the Company. The Board stays informed of shareholders' views via regular meetings and other communications they may have with shareholders.

Statement of going concern
The financial statements of Longboat Energy plc have been prepared on a going concern basis. In accordance with the AIM Rules for Companies, if the Company has not made an acquisition or has not substantially implemented its Investment Policy within 18 months of admission to the AIM market, which will occur on 28th May 2021, the Company is required to seek shareholder approval for its Investment Policy at the next Annual General Meeting of the Company and at each subsequent Annual General Meeting until such time as there has been an acquisition or the Investment Policy has been substantially implemented (such a resolution being referred to hereafter as a ‘Continuation Vote’). The reliance on future shareholder approval constitutes a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate (see Notes to the financial statements, Note 2 Accounting policies).

Internal control
The Board is responsible for establishing and maintaining the Company's system of internal control and reviewing its effectiveness. Internal control systems are designed to meet the particular needs of the Company and the particular risks to which it is exposed. The procedures are designed to manage rather than eliminate risk and by their nature can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board has reviewed the Company's risk management and control systems and believes that the controls are satisfactory given the nature and size of the Company.

Report of the Audit Committee
The audit committee met four times during the year.

Activity during the period
The Audit Committee monitored the integrity of the annual financial statements and reviewed the significant financial reporting matters and accounting policies and disclosures in the financial reports. The external auditor attended those Audit Committee meetings related to the interim and full year accounts approval process. The process included the consideration of reports from the external auditor in respect of the planned audit approach, independence and subsequent findings in respect of the audit of the financial statements. The areas of principal focus included funding of the business in its current form, going concern judgements (see reference to AIM Rule 8 above) and share based payment judgments and estimates.

External audit
The Audit Committee is responsible for managing the relationship with BDO LLP, the Company’s external auditor. The objectivity and independence of the external auditors is safeguarded by reviewing the auditors’ formal declarations, monitoring relationships between key audit staff and the Company and reviewing the non-audit fees payable to the auditor. Non-audit services are not performed by the auditor if such services would impair their independence under relevant professional standards.

During the year, amounts paid and payable to BDO LLP and BDO AS for audit related services totalled £36,170. No non-audit services were provided over the period.

Internal audit
In light of the size of the Company and its current stage of development, the committee did not consider it necessary or appropriate to operate an internal audit function during the year.

Report of the Nomination Committee

The Nomination Committee's primary responsibility is reviewing the structure, size and composition of the Board and identifying and nominating suitable candidates. The Committee undertook an annual evaluation of the performance of the board, its committees, the chairman and individual directors at the end of 2020 as described on page 23.

The Committee is aware of the importance of Board diversity issues especially with regard to pertinent skills for our sector and indeed gender balance. At present a third of the Board are female and this is deemed an important element of any future Board appointments.

Remuneration report

The Remuneration Committee takes the views of the shareholders very seriously and these views will be influential in shaping remuneration policy and practice. Shareholder views will be considered when evaluating and setting ongoing remuneration strategy and the Committee commits to consulting with major shareholders prior to any significant changes to its remuneration policy.

Directors' Remuneration Policy

The Committee has established the policy on the remuneration of the Executive Directors and the Chairman, and the Board has established a policy on the remuneration of the other Non-Executive Directors.

Executive Directors

The policy on Directors' remuneration is that the overall remuneration package should be sufficiently competitive to attract and retain individuals of a quality capable of achieving the Company's objectives. The objective, once the Company has met its investment objectives and if merited by performance, is for overall remuneration including salary, benefits, bonus and long-term incentives to be at or near the upper quartile for companies considered by the Committee to be comparable to Longboat Energy. Remuneration policy is designed such that individuals are remunerated on a basis that is appropriate to their position, experience and value to the Company.

The current terms and conditions of the Directors service contracts and letters of appointment have been set to reflect the Company's current activities. When the Company meets its investment objectives, notably through the acquisition of assets, the terms of remuneration will be adjusted accordingly to reflect the increased managerial responsibilities.

The main components of the remuneration policy and how they are linked to and support the Company's business strategy are summarised below:

Objective and link to strategy	Operation	Maximum opportunity	Performance assessment
Base salary			
Core element of remuneration, set at a level which is sufficiently competitive to recruit and retain individuals of the appropriate calibre and experience.	Salaries will be revised upon the Company meeting its investment objectives; thereafter salaries will be reviewed annually, with any changes being effective from 1 January each year. When determining salaries for the Executives the Committee takes into consideration: • Company performance; • the performance of the individual Executive Director; • the individual Executive Director's experience and responsibilities; • pay and conditions throughout the Company.	When determining salary increases of the Executive Directors, the Committee takes into account the employment conditions and salary increases awarded to employees throughout the Company. Any salary increases in future years will be determined by the Committee. There is no maximum salary opportunity.	Salary increases will be determined in accordance with the rationale set out under the column entitled 'Operation'.

	Salaries together with other fixed benefits including pension will be benchmarked periodically against comparable roles at companies of a similar size, complexity and in the Exploration & Production sector the objective is for total fixed remuneration to be in line with the median peer group.		
Other benefits			
Support individuals in carrying out their roles.	Reviewed periodically to ensure benefits remain market competitive. Benefits typically comprise life assurance cover, private health care arrangements and permanent health insurance and in Norway cash allowances in lieu of company car.	Benefit values vary year on year depending on premiums and the maximum potential value is the cost of the provision of these benefits.	Not applicable.
Annual bonus			
Incentivises the achievement of a range of short-term performance targets that are key to the success of the Company.	Upon the Company meeting its investment objectives, Executive Directors will participate in an annual performance related bonus scheme. Bonus scheme awards are awarded annually at the year-end (and will be pro-rated for time). Performance period is one financial year with pay-out determined by the Committee following the year end. At the discretion of the Committee bonus payments can be paid in cash and/or the Company's shares In line with corporate governance best practice there will be a provision for malus and clawback of bonus payments.	The maximum bonus potential and threshold will be set when the bonus scheme is introduced There is no contractual obligation to pay bonuses.	A performance scorecard will be used as a guide for the Committee, which reserves the right to override the formulaic outturn based on a broader assessment of overall Company performance. Performance targets are based on a range of corporate, operational, financial and executive team performance measures. The precise allocation between measures (as well as the weightings within these measures) will be determined by the Committee at the start of each year.

Long-term incentives			
Incentivises the achievement of long-term financial performance and sustainable returns to shareholders in a way that aligns the interests of Executives and shareholders.	The Company has introduced a market standard employee share plan to provide incentivisation and retention for management personnel (LTIP). It is anticipated that in future years this will include the Executive Directors. The Company may issue 15% of its share capital within a ten-year period to satisfy awards to participants in the LTIP, FIP and any other share plan	The maximum face value of the annual awards is 100% of salary (200% in exceptional circumstances).	The Committee will set the performance conditions at the time of each. Vesting will be subject to continued employment with the Company, satisfaction of the performance conditions and any other terms or conditions determined at the grant stage. The vesting period will typically be three years and set by the Committee at each grant with senior managers and Executive Directors being subject to a further two-year post-vesting holding period. Malus and clawback provisions are expected to apply.

Pension			
To provide competitive levels of retirement benefit.	The Company does not operate a pension scheme, but does, at the Directors' option, contribute to the personal pension plans of each Executive Director, or pays cash in lieu of such contributions. In the UK where such contributions reach the maximum Annual Allowance or an Executive Director has accumulated an amount equivalent to the Lifetime Allowance, such excess contributions are paid as cash.	Executive Directors receive a contribution to a personal pension scheme or cash allowance in lieu of pension benefits up to 10% of salary.	Not applicable.

Shareholding requirement			
To align Executive Directors' interests with those of shareholders through build-up and retention of a personal shareholding.	Executive Directors are required to hold shares with a value equivalent to one times base salary (at the time of purchase), Following the Company meeting its investment objectives the thresholds and timing will be reviewed and revised.	Not applicable.	Not applicable.

ANNUAL REPORT ON REMUNERATION

Remuneration

Executive Directors
The remuneration of Executive Directors showing the breakdown between elements and comparative figures is shown below.

Executive Director (£)		Salary[2]	Taxable benefits	Annual bonus	Pension	Total
Helge Hammer[1]	2020	148,087	–	–	16,226	164,313
Jonathan Cooper	2020	130,923	8,736	–	13,092	152,751

Notes

1 Mr Hammer’s salary was set in Sterling but is paid in Norwegian Krona.

2 Salaries for 2020 include a portion relating to 2019 which was not paid until January 2020.

Non-Executive Directors
The remuneration of Non-Executive Directors showing the breakdown between elements is shown below.

Non-Executive Director (£)		Basic Fees[5]	Additional Fees	Taxable benefits	Other[4]	Total Fees
Graham Stewart[1]	2020	81,375	8,680	10,137	–	100,692
Brent Cheshire[2]	2020	43,641	17,456		–	61,097
Katherine Roe[3]	2020	43,641	8,728	–	–	52,369
Jorunn Saetre	2020	40,212	–	–	–	40,212

Notes

1. Additional fees paid for Chairmanship of the Nomination Committee and included in the private medical scheme and hence additional taxable benefit.
2. Additional fees paid for Senior Non-Executive Independent Directorship and Chairmanship of the Remuneration Committee.
3. Additional fees paid for Chairmanship of the Audit Committee.
4. Other fees reflect additional fees paid for additional time spent on activities which are outside his/her ordinary duties as a Director.
5. Fees for 2020 include a portion relating to 2019 which was not paid until January 2020.

Additional details in respect of single total figure table

Annual bonus scheme
For the Executive Directors, there was no bonus paid for 2020. The maximum annual bonus potential for 2021 is conditional upon and will be set following the Company meeting its investment objectives, with payment based on a performance scorecard comprising corporate, operational and financial goals.

Total pension entitlements

The Company does not operate a pension scheme for the Executive Directors, but does, at the Directors’ option, contribute to the personal pension plans of each Executive Director, or pays cash in lieu of such contributions. Executive Directors receive a contribution to a personal pension scheme or cash allowance in lieu of pension benefits up to 10% of salary.

Non-Executive Directors
The table below sets out the key elements of the policy for Non-Executive Directors:

Objective and link to strategy	**Operation**	**Maximum opportunity**	**Performance assessment**
Fees			
Core element of remuneration, set at a level sufficient to attract individuals with appropriate knowledge and experience.	Fee levels reflect market conditions and are sufficient to attract individuals with appropriate knowledge and experience. NEDs are paid a base fee and additional fees for Chairmanship of Committees. Fees may also be paid for additional time spent on the Company's business outside of the normal duties. Fees are reviewed annually with changes effective from 1 January each year	Whilst there is no maximum individual fee level, fees are set at a level which is considered appropriate to attract and retain the calibre of individual required by the Company. However, the Company avoids paying more than necessary for this purpose. Fee increases may be made in line with market movements and to take into account the time commitment and duties involved. Non-Executive Directors do not participate in any variable remuneration elements or any other benefits arrangements.	Whilst there is no performance element to the remuneration paid to the Non-Executive Directors, fees will be determined in accordance with the rationale set out under the column headed 'Operation'.

New appointments
The same principles as described above will be applied in setting the remuneration of a new Non-Executive Director. Remuneration will comprise fees only, to be paid at the prevailing rates of the Company's existing Non-Executive Directors.

Remuneration Policy for other employees
The remuneration arrangements for future employees will be designed to ensure that they are, insofar as is practicable, also aligned with the Company's objectives:

- the Company's approach to salary reviews is consistent across the Company with consideration given to level of responsibility, experience, individual performance, salary levels in comparable companies and the Company's ability to pay.
- all employees will participate in the same annual bonus scheme (to be introduced when the Company meets its investment objectives) as the Executive Directors with opportunities varying by organisational level.
- pension and benefits arrangements may vary according to location and so different arrangements may be put in place in different jurisdictions.

Service contracts and exit payment policy
The service and employment contracts of the Executive Directors are not of a fixed duration and therefore have no unexpired terms, but continuation in office as a Director, is subject to re-election by shareholders as required under the Company's Articles of Association. The Company's policy is for Executive Directors to have service and employment contracts with provision for termination of no longer than 12 months' notice and currently no Executive Director has more than three months' notice (to increase to 6 months' notice upon the Company meeting its investment objectives).

The Executive Directors are also entitled to life assurance, travel insurance, permanent health insurance, critical illness cover and 30 days holiday per annum. Their appointment is terminable by one month's notice by either party, increasing to six months' following completion by the Company of its first acquisition. Upon a change of control of the Company, the Executive Directors are entitled to terminate their service agreements within three months of the completion of such an event and receive compensation in the form of 6 months' salary and 65 per cent of any bonus paid in the previous period. The agreement also imposes certain restrictions as regards the use of confidential information and intellectual property.

The Non-Executive Directors do not have service contracts. Letters of Appointment provide for termination of the appointment with three months' notice by either party.

Director	Date of service contract	Date of Appointment	Notice period by Company or Director
Executive Directors			
Helge Hammer	28 November 2019	28 May 2019	1 month
Jonathan Cooper	28 November 2019	3 September 2019	1 month

Non-Executive Directors	Date of letter of appointment	Date of Appointment	
Brent Cheshire	28 November 2019	28 November 2019	90 days
Katherine Roe	28 November 2019	28 November 2019	90 days
Jorunn Saetre	28 November 2019	28 November 2019	90 days
Graham Stewart	28 November 2019	3 September 2019	90 days

Founder Incentive Plan
The Company has put in place an incentive arrangement for the founders of the Company designed to incentivise participants to deliver exceptional returns for shareholders over a five-year period (the "FIP"). Under the FIP, participants are eligible to receive 15% of the growth in returns of the Company from the date of the Company's Admission to AIM should a hurdle of doubling of the total shareholder return be met. For further capital raises that occur during the performance period, additional tranches under the Plan will be created with their own threshold values which will be calculated with reference to the growth rates required for the initial award as well as the time remaining to each of the measurement dates. Additional tranches will follow the same timetable as the initial award (i.e. performance will be measured on the same dates).

Not more than 10% of the Company's issued ordinary share capital may be issued under the FIP.

Conditional Awards: On 3 July 2020 the following conditional awards, as outlined at the time of the Company's Admission to AIM, have been made to the Company's founders under the FIP which are expressed as a percentage of the total maximum potential award, being 10% of the Company's issued share capital. Subject to the performance conditions set out below being met, the awards will be converted into nil cost options over ordinary shares of 10p each in the share capital Company on each measurement date as set out below.

Founder	Percentage entitlement of Initial Award pool %	Maximum percentage entitlement of growth in value from IPO %	Maximum percentage of issued share capital %
Helge Hammer	23.5000%	3.525%	2.3500%
Graham Stewart	19.7500%	2.963%	1.9750%
Jonathan Cooper	19.1250%	2.869%	1.9125%
Julian Riddick	18.5000%	2.775%	1.8500%

A further 19.125% entitlement of the initial award with a maximum 2.869% entitlement of growth in value to be converted up to a maximum of 1.9125% of the Company's issued share capital, has been made to trusts established by a further founder.

Performance Conditions - the share price at the date of Admission of the Company to AIM on 28 November 2019 of £1.00 will be used to measure the level of return at each measurement date. Testing of the level of return achieved will be at the end of years three, four and five from the Commencement Date. At each Measurement Date the value of the award will be driven by the return generated above the initial price of £1.00, being the threshold value:

Measurement Date	Threshold Total Shareholder Return	Measurement Total Shareholder Return
First Measurement Date 28 November 2022	25.99% compound annual growth from the initial price of £1.00 as at the First Measurement Date.	Average of the market value for the Company's shares for the 30-day period ending on the First Measurement Date plus the dividends paid per share from 28 November 2019 to the First Measurement Date.
Second Measurement Date 28 November 2023	The higher of: • 18.92% compound annual growth from the initial price of £1.00 as at the Second Measurement Date; and • the highest previous measurement total shareholder return which resulted in Conversion.	Average of the market value for the Company's shares for the 30-day period ending on the Second Measurement Date plus the dividends paid per share from 28 November 2019 to the Second Measurement Date.
Third Measurement Date 28 November 2024	The higher of: • 14.87% compound annual growth from the initial price of £1.00 as at the Third Measurement Date; and • the highest previous measurement total shareholder return which resulted in Conversion.	Average of the market value for the Company's shares for the 30-day period ending on the Third Measurement Date plus the dividends paid per Plan Share 28 November 2019 to the Third Measurement Date.

If at the Measurement Dates in years three and/or four the threshold value has been reached, then nil cost options will be awarded of which half will vest and can be exercised immediately. The remaining half will be deferred until the Measurement Date at year five. All nil cost options awarded in respect of the Measurement Date at year five will vest immediately.

Awards of all nil cost options will be made after approval by the Remuneration Committee taking into account the overall performance of the Company during the performance period. Malus and clawback provisions apply.

Long Term Incentive Plan
At the 2020 Annual General Meeting, shareholders approved the introduction of the Company's market standard Long Term Incentive Plan ("LTIP") designed to provide incentivisation and retention for management personnel.

The maximum face value of LTIP awards is 100% of salary with up to 200% in exceptional circumstances. The Remuneration Committee will set the performance conditions at the time of each award, which is likely to be TSR based.

Vesting of LTIP awards will be subject to continued employment with the Company, satisfaction of the performance conditions and any other terms or conditions determined at the grant stage. The vesting period will typically be three years and set by the Remuneration Committee at each grant with senior managers and Executive Directors being subject to a further two-year post-vesting holding period. Malus and clawback provisions are expected to apply.

The Company may issue 15% of its share capital within a ten-year period to satisfy awards to participants in the LTIP, FIP and any other share plan.

On 24 September 2020 an LTIP award was made to Nick Ingrassia, Business Development Director in the form of an option to acquire 40,000 ordinary shares of 10p each in the Company representing 0.4% of the Company's current issued share capital. Subject to meeting the prescribed TSR performance conditions, this award will vest three years after grant and then be subject to a further two-year holding period. The number of Nil Cost Options shall be adjusted at the completion of the first Reverse Takeover ("RTO") of the Company, being an event marking the first material acquisition made, to such number as to represent 0.4% of the issued share capital of the Company following the RTO, subject to the value of the award not exceeding 200% of the recipients adjusted base salary at the time of the RTO.

Statement of Directors' responsibilities

The directors are responsible for preparing the Annual Report and the Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Company financial statements for each financial year. Under the AIM Rules for Companies of the London Stock Exchange they are required to prepare the Company financial statements in accordance with International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006. 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 group and company and of the profit or loss of the group and company for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

Company law requires the Directors to prepare Company financial statements for each financial year. Under the AIM Rules for Companies of the London Stock Exchange they are required to prepare the Company financial statements in accordance with International Financial Reporting Standards in conformity with the Companies Act 2006. (IFRSs).

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs; 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 requirements of 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.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent auditor's report to the members of Longboat Energy plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's and the Parent Company's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Longboat Energy plc (the 'Parent Company') and its subsidiary (the 'Group') for the year ended 31 December 2020 which comprise the consolidated statement of profit or loss, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows, the company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to Note 2 to the financial statements which indicates that the Group and Parent Company's ability to continue as a going concern is dependent on shareholder approval if the Group has not made an acquisition or has not substantially implemented its Investment Policy by 28 May 2021.

As stated in note 2 these events or conditions, along with the other matters as set out in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

Given the conditions and uncertainties noted above, we considered going concern to be a key audit matter. Our audit procedures in response to this key audit matter and our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included the following:

- We obtained management's cash flow forecasts for a period of at least the next 12 months from the date of approval of the financial statements and evaluated the assumptions. In doing so, we agreed the opening cash balances to bank statements, compared the forecast operating costs against historical levels and considered the extent of any commitments against information obtained during our audit and evaluated the level of forecast headroom across the period.
- We considered the requirements of AIM Rule 8 and evaluated the Board's assessment as to whether the circumstances represented a material uncertainty in respect of going concern.
- We made inquiries of management and the Audit Committee and reviewed board minutes and business development reports regarding the status of any potential acquisitions and evaluated the Board's basis for concluding that, if required, shareholder approval under AIM Rule 8 would be available.
- We evaluated the disclosures in note 2 to the financial statements in respect of going concern to confirm they were consistent with management's going concern assessment.

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

Other matter
The corresponding figures of the Group are unaudited.

Overview

Coverage[1]	**100% of total assets and loss for the year (2019: No Group audit).**		
Key audit matters		**2020**	**2019**
	Accounting for equity transactions (Parent Company)		
	Going concern		
	Valuation and accounting for share incentive schemes		
	Accounting for equity transactions is no longer considered to be a key audit matter because there were no share issues or equity restructuring transactions during the current year.		
Materiality	*Group financial statements as a whole*		
	£100,000 based on 1.3% of total assets (2019: No Group audit).		

An overview of the scope of our audit
Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

We identified two significant components, being the two entities in the Group comprising the Parent Company and its Norwegian subsidiary. The Group audit team performed full scope audits on these two significant components.

Other Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on:

[1] These are areas which have been subject to a full scope audit by the group engagement team

the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matter described below to be a key audit matter to be communicated in our report.

Key audit matter		**How the scope of our audit addressed the key audit matter**
Valuation and accounting for share Incentive Schemes (Note 2, 4 and 17)	The Group granted awards under its Founder Incentive Plan (FIP) that was previously detailed in the IPO Admission Document and granted awards under a separate Long Term Incentive Plan (LTIP) during the year. A share based payment charge of £97,763 has been recorded in the period by management in respect of the awards as detailed in notes 2, 4 and 17 to the financial statements Management were required to exercise judgment and estimation when determining the inputs to the valuation and the accounting treatment of the awards therefore this was considered to be a key audit matter. Management engaged an external valuation expert to assist with the valuation of the awards.	We assessed the objectivity, independence and competence of management's expert. We reviewed the reports prepared by management's external expert to assess the valuation methodology and appropriateness of underlying assumptions and estimates used. In respect of the FIP awards, in conjunction with our own internal valuation experts we calculated a valuation of the awards independently and compared this to the valuation prepared by management's expert. We held discussions with management's expert in conjunction with our internal expert to understand and evaluate the valuation methodology and inputs used by the management expert. In respect of the LTIP award we calculated a valuation of the awards independently which we compared to the valuation by management's expert. We performed sensitivity analysis on key inputs involving management estimation to determine whether the valuation was appropriate. We agreed the terms of the awards to supporting documentation and, in respect of the FIP, compared them to the IPO Admission Document. We evaluated the accounting treatment applied against the requirements of the accounting standards. In doing so we considered management's judgment that the IPO Admission Document created sufficient mutual understanding of the terms of the FIP awards prior to them being legally granted in July 2020. In doing so we reviewed the disclosures in the IPO Admission Document. We recalculated the share based payment charge for the year, agreed the inputs to share award documents and the valuation reports and agreed the charge to the ledger. **Key observations:** We found management's valuation and accounting for the share incentive schemes to be appropriate in the context of our procedures performed.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2020 £	2019 £	2020 £	2019 £
Materiality	100,000	*Unaudited therefore not applicable*	95,000	140,000
Basis for determining materiality	1.3% of total assets		95% of Group materiality	1.5% of total assets
Rationale for the benchmark applied	The Group is pre-revenue in nature and is seeking to acquire oil and gas assets.		Calculated as a percentage of Group materiality for Group reporting purposes.	The Company is pre-revenue in nature and is seeking to acquire oil and gas assets.
Performance materiality	£75,000		£71,250	£105,000
Basis for determining performance materiality	75% of materiality based on consideration of factors including the level of historical errors and nature of activities.		75% of materiality based on consideration of factors including the level of historical errors and nature of activities.	75% of materiality based on consideration of factors including the level of historical errors and nature of activities.

Component materiality

We set materiality for each component of the Group based on a percentage of between 50% and 95% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £50,000 to £95,000. In the audit of each component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £2,000 (2019: £2,800 – Parent company). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report of the Directors and Financial Statements other than the financial statements and our auditor's report thereon. 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. 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.

Other Companies Act 2006 reporting
Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors
As explained more fully in the statement of Directors' responsibilities, 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 Group's and the Parent 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 Group or the Parent 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.

Extent to which the audit was 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 obtained an understanding of the Group's activities and considered the laws and regulations of the UK and Norway to be of significance in the context of the Group audit. In doing so, we made inquiries of management and the Audit Committee, considered the Group's control environment as it pertains to compliance with laws and regulations and considered the activities of the Group. We determined the most significant laws and regulations to be AIM Listing Rules, Companies Act 2006 and Norwegian Company Tax Law.

— We made inquiries of management and the Board and reviewed Board and Committee minutes to identify any instances of irregularities or non-compliance.

— We agreed the financial statement disclosures to underlying supporting documentation, performed detailed testing on accounts balances which were considered to be at a greater risk of susceptibility to fraud and reviewed correspondence with relevant authorities, such as the Norwegian tax authority, in so far as the correspondence related to the financial statements.

— In addressing risk of management override of control, we performed testing of general ledger journal entries to the financial statements, including verification of journals which we consider exhibit higher fraud risk characteristics based on our understanding of the Group. As part of our testing of management override of controls we performed procedures on accounts subject to greater management estimate including share based payment awards, refer to KAM above.

— We involved Norwegian tax specialists from a BDO member firm in our audit to evaluate the appropriateness of recognition of tax receivables under the Norwegian tax regulations.

— We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members as part of meetings at the planning stage and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report
This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ryan Ferguson
For and on behalf of BDO LLP, Statutory Auditor
London, UK

22 March 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of profit or loss

for the Period to 31 December 2020

GROUP	Notes	Year ended 31 December 2020 audited £	Period ended 31 December 2019 unaudited £
Revenue		–	–
Administrative expenses		(2,399,204)	(198,051)
Operating loss	7	(2,399,204)	(198,051)
Finance income	6	18,736	1,750
Loss before taxation		(2,380,468)	(196,301)
Income tax credit	9	754,289	–
Loss after tax		(1,626,179)	(196,301)
Other comprehensive income			
Currency translation differences		524	25
Loss and total comprehensive income for the period		(1,625,655)	(196,276)
Loss per share	10	pence	pence
Basic		(16.26)	(9.52)
Diluted		(16.26)	(9.52)

The income statement has been prepared on the basis that all operations are continuing operations.

Consolidated Statement of financial position

As at 31 December 2020

GROUP	Notes	2020 £ audited	2019 £ unaudited
Non-current assets			
Property, plant and equipment	11	11,798	2,245
Current assets			
Trade and other receivables	14	75,807	83,104
Current tax recoverable	21	777,823	–
Cash and cash equivalents		7,021,105	9,204,257
		7,874,735	9,287,361
Total assets		7,886,533	9,289,606
Current liabilities			
Trade and other payables	19	351,610	227,222
		351,610	227,222
Net current assets		7,534,923	9,060,139
Non-current liabilities			
Deferred tax liabilities	20	431	–
Total liabilities		352,041	227,222
Net assets		7,534,492	9,062,384
Equity			
Called up share capital	15	1,000,000	1,000,000
Share premium account	16	7,808,660	7,808,660
Other reserves		450,000	450,000
Share based payment reserve	17	97,763	–
Currency translation reserve	18	549	25
Retained earnings		(1,822,480)	(196,301)
Total equity		7,534,492	9,062,384

The financial statements were approved by the board of directors and authorized for issue on 22 March 2021 and are signed on its behalf by:

Helge Hammer (Chief Executive Officer)
Director
22 March 2021

Company Statement of financial position

As at 31 December 2020

COMPANY	Notes	2020 £	2019 £
Non-current assets			
Property, plant and equipment	11	6,779	2,245
Intercompany receivables	14	558,879	–
Investments	12	–	2,540
		565,658	4,785
Current assets			
Trade and other receivables	14	92,916	83,104
Cash and cash equivalents		6,947,125	9,201,692
		7,040,041	9,284,796
Total assets		7,605,699	9,289,581
Current liabilities			
Trade and other payables	19	159,252	227,222
		159,252	227,222
Net current assets		6,880,788	9,057,574
Non-current liabilities		–	–
Total liabilities		159,252	227,222
Net assets		7,446,447	9,062,359
Equity			
Called up share capital	15	1,000,000	1,000,000
Share premium account	16	7,808,660	7,808,660
Other reserves		450,000	450,000
Share based payment reserve	17	97,763	–
Retained earnings brought forward		(196,301)	–
Loss for the year		(1,713,675)	(196,301)
Total equity		7,446,447	9,062,359

Exemption has been taken under the Companies Act 2006 from presenting a separate Company income statement. The loss for the year was £1,713,675 (2019: £196,301).

The financial statements were approved by the board of directors and authorised for issue on 22 March 2021 and are signed on its behalf by:

Helge Hammer (Chief Executive Officer)
Director

Company Registration No. 12020297

Consolidated Statement of changes in equity

for the Period 31 December 2020

GROUP	Notes	Share capital £	Share premium account £	Share based payment reserve £	Currency translation reserve £	Other reserves £	Retained earnings £	Total £
Balance at 28 May 2019		–	–	–	–	–	–	–
Period ended 31 December 2019:								
Loss and total comprehensive expense for the period	18	–	–	–	25	–	(196,301)	(196,276)
Issue of share capital		230,000	270,000	–	–	–	–	500,000
Share buy-back and cancellation of share premium		(180,000)	(270,000)	–	–	450,000	–	–
Initial Public Offering		950,000	8,550,000	–	–	–	–	9,500,000
Costs of share issue		–	(741,340)	–	–	–	–	(741,340)
Balances at 31 December 2019		1,000,000	7,808,660	–	25	450,000	(196,301)	9,062,384
Period ended 31 December 2020:								
Loss and total comprehensive expense for the period	18	–	–	–	524	–	(1,626,179)	(1,625,655)
Credit to equity for equity settled share-based payments	17	–	–	97,763	–	–	–	97,763
Balances at 31 December 2020		1,000,000	7,808,660	97,763	549	450,000	(1,822,480)	7,535,016

Company Statement of changes in equity
for the Period 31 December 2020

COMPANY	Notes	Share capital £	Share premium account £	Share based payment reserve £	Currency translation reserve £	Other reserves £	Retained earnings £	Total £
Period ended 31 December 2019:								
Loss and total comprehensive income for the period		–	–	–	–	–	(196,301)	(196,301)
Issue of share capital		230,000	270,000	–	–	–	–	500,000
Share buy-back and cancellation of share premium		(180,000)	(270,000)	–	–	450,000	–	–
Initial Public Offering		950,000	8,550,000	–	–	–	–	9,500,000
Costs of share issue		–	(741,340)	–	–	–	–	(741,340)
Balances at 31 December 2019		1,000,000	7,808,660	–	–	450,000	(196,301)	9,062,359
Period ended 31 December 2020:								
Loss and total comprehensive income for the period		–	–	–	–	–	(1,713,675)	(1,713,675)
Credit to equity for equity settled share-based payments		–	–	97,763	–	–	–	97,763
Balances at 31 December 2020		1,000,000	7,808,660	97,763	–	450,000	(1,909,976)	7,446,447

Consolidated Statement of cash flows

for the Period to 31 December 2020

		2020		2019	
GROUP	Notes	£	£	£	£
Cash flows from operating activities					
Cash absorbed by operations	25		(2,164,648)		(60,711)
Tax paid			(23,533)		–
Net cash outflow from operating activities			(2,188,181)		(60,711)
Investing activities					
Purchase of property, plant and equipment		(12,359)		(2,245)	
Interest received		18,736		1,750	
Net cash generated from/(used in) investing activities			6,377		(495)
Financing activities					
Proceeds from issue of shares		–		9,258,660	
Net cash generated from financing activities			–		9,258,660
Net (decrease)/increase in cash and cash equivalents			(2,181,804)		9,197,454
Cash and cash equivalents at beginning of year			9,197,479		–
Effect of foreign exchange rates			524		25
Cash and cash equivalents at end of year			7,016,199		9,197,479
Relating to:					
Bank balances and short-term deposits			7,021,105		9,204,257
Bank overdrafts			(4,906)		(6,778)

Company Statement of cash flows

for the Period to 31 December 2020

		2020		2019	
COMPANY	Notes	£	£	£	£
Cash flows from operating activities					
Cash absorbed by operations	25		(1,418,294)		(60,711)
Net cash outflow from operating activities			(1,418,294)		(60,711)
Investing activities					
Purchase of property, plant and equipment		(5,979)		(2,245)	
Investment in subsidiaries		(166,329)		(2,540)	
Loan to subsidiaries		(688,313)		–	
Interest received		26,220		1,750	
Net cash generated from/(used in) investing activities			(834,401)		(3,035)
Financing activities					
Proceeds from issue of shares		–		9,258,660	
Net cash generated from financing activities			–		9,258,660
Net (decrease)/increase in cash and cash equivalents			(2,252,695)		9,194,914
Cash and cash equivalents at beginning of year			9,194,914		–
Cash and cash equivalents at end of year			6,942,219		9,194,914
Relating to:					
Bank balances and short-term deposits			6,947,125		9,201,692
Bank overdrafts			(4,906)		(6,778)

Notes to the financial statements

for the Period to 31 December 2020

1. Statutory information

Longboat Energy plc is a public limited company, limited by shares, registered in England and Wales. The Company's registered number is 12020297 and registered office address 5th Floor, One New Change, London, England, EC4M 9AF

2. Accounting policies

Basis of preparation

The financial statements of Longboat Energy plc and the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared on the historical cost basis.

Going concern

The Directors, having made due and careful enquiry and preparing forecasts, are of the opinion that the Company has adequate working capital to continue in operation over the next 12 months. The directors, therefore, have made an informed judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. As a result, the directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

In accordance with the AIM Rules for Companies, if the Company has not made an acquisition or has not substantially implemented its Investment Policy within 18 months of admission to the AIM market, which will occur on 28th May 2021, the Company is required to seek shareholder approval for its Investment Policy at the next Annual General Meeting of the Company and at each subsequent Annual General Meeting until such time as there has been an acquisition or the Investment Policy has been substantially implemented (such a resolution being referred to hereafter as a 'Continuation Vote'). The reliance on shareholder approval, which is not guaranteed, constitutes a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Computer Equipment	33.33% straight line

Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities comprise non-derivative and derivative receivables and payables.

Classification: Financial assets

The Company classifies financial assets in the following measurement categories:

- financial assets subsequently measured at fair value (either through other comprehensive income or through profit or loss), and
- financial assets measured at amortised cost.

The Company has no financial assets subsequently measured at fair value through other comprehensive income or through profit or loss.

Classification depends on the business model used for managing financial assets and on the characteristics of the contractual cash flows involved.

All financial assets held by the Company, have contractual cash flows representing solely the payment of principal and interest. The Company holds all these assets to collect the contractual cash flows. These assets are classified as held at amortised cost.

Classification: Financial liabilities
Financial liabilities other than derivatives are classified as measured at amortised cost. The Company has no derivatives.

Measurement on initial recognition
A financial asset or financial liability is initially measured at its fair value, plus, in the case of a financial asset or financial liability not subsequently measured at fair value through profit or loss, the transaction costs directly attributable to the acquisition of the asset or issuing of the liability.

Transaction costs of financial assets measured at fair value through profit or loss are recognised as an expense in the income statement.

The fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Subsequent measurement
The subsequent measurement of debt instruments depends on the classification of the financial asset or liability, described above.

Financial assets and liabilities measured at amortised cost are accounted for using the effective interest rate method. Interest income and expense is reported as financial income and expense. Gains or losses arising on the derecognition of the financial asset or liability are recognised directly in profit or loss as other operating income/ expense together with foreign currency gains and losses.

Impairment
On a forward-looking basis, the Company estimates the expected credit losses associated with its receivables and other financial assets carried at amortised cost and records a loss allowance for these expected losses.

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of a provision. When a trade receivable is considered uncollectable, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited against the provision.

Changes in the carrying amount of the provision are recognised in profit or loss.

Taxation
Taxation, comprised of current and deferred tax, is charged or credited to the income statement unless it relates to items recognised in other comprehensive income or directly in equity. In such cases, the related tax is also recognised in other comprehensive income or directly in equity.

Current tax liabilities are measured at the amount expected to be paid, based on tax rates and laws that are enacted or substantively enacted at the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method and is calculated using rates of taxation enacted or substantively enacted at the balance sheet date which are expected to apply when the asset or liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is not recognised in respect of investments in subsidiaries and associates where the reversal of any taxable temporary differences can be controlled and are unlikely to reverse in the foreseeable future. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and there is an intention to settle the balances on a net basis. Tax provisions are recognised when there is a potential exposure under changes to international tax legislation.

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

The Group's consolidated financial statements are presented in Great British Pounds (GBP), which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The subsidiary of the Group determines NOK to be the functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Leases
All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

Share-based payments
For cash-settled share-based payments, a liability is recognised for the goods and services acquired, measured initially at the fair value of the liability. At the balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the 12-month period.

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Monte Carlo model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

Reserves
A description of each of the reserves follows:

Share capital
Share capital represents the nominal value of shares issued less the nominal value of shares repurchased and cancelled.

Share Premium
This reserve represents the difference between the issue price and the nominal value of shares at the date of issue, net of related issue costs and share premium cancelled.

Retained Earnings
Net revenue profits and losses of the Company which are revenue in nature are dealt with in this reserve.

Other reserve
Other reserves relate to the nominal value of share capital repurchased and cancelled.

3. Adoption of new and revised standards and changes in accounting policies

In the current year, the following new and revised Standards and Interpretations have been adopted by the Company. None of these new and revised Standards and Interpretations had an effect on the current period or a prior period but may have an effect on future periods:

		Effective from:
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
IAS 1 and IAS 8 (Amendments)	Definition of material	1 January 2020
IFRS 9, IAS 39 and IFRS 7 (Amendments)	Interest Rate Benchmark Reform	1 January 2020
IFRS 3 (Amendments)	Definition of a business	1 January 2020
IFRS 16 (Amendments)	Covid-19-related Rent Concessions	1 June 2020

The directors do not expect that the adoption of the other Standards listed above will have a material impact on the financial statements of the Company aside from additional disclosures.

Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

		Effective from:
IFRS 17	Insurance Contracts	1 January 2023
IFRS 4 (Amendments)	Insurance Contracts	1 January 2023
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-Current	1 January 2023
IAS 16 (Amendments)	Property plant and equipment – proceeds before intended use	1 January 2022
Annual Improvements 2018-2020 Cycle	Amendments to IFRS 1 (subsidiary as a first-time adopter), IFRS 9 (fees in the '10 percent' test for derecognition of financial liabilities), IFRS 16 (lease incentives), IAS 41 (taxation in the fair value measurements)	1 January 2022
IFRS 3 (Amendments)	References to the Conceptual Framework	1 January 2022
IAS 37 (Amendments)	Onerous contracts – Cost of Fulfilling a Contract	1 January 2022
IFRS 4 (Amendments)	Extension of the Temporary Exemption from Applying IFRS 9	1 January 2023

The directors do not expect that the adoption of the other Standards listed above will have a material impact on the financial statements of the Company aside from additional disclosures.

4. Critical accounting estimates

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Intercompany balances (note 14)
The loan has been assessed under the expected credit loss model under IFRS 9, and as such a provision of 20% has been recognised. The loan accrues interest at 7.5%. The total repayable at the year-end was £550,650, net of provision and associated interest was £8,229.

Share-based payments (note 17)
Estimation was required in determining inputs to the share-based payment calculations including share price volatility as detailed in note 17.

Judgment was required in determining the point at which the Group and recipients had a shared mutual understanding of the terms of the awards made under the FIP. Whilst the awards were legally granted in July 2020, the Board consider that IPO Admission Document provided such a shared mutual understanding given the detailed disclosure of the terms of the scheme. Accordingly, the estimated fair value of the FIP award has been spread over the vesting period which commenced at IPO. A charge of £96,396 (2019: nil) has been recorded which includes the one-month period relevant to the period ended 31 December 2019 as the charge of £7,973 was immaterial to that period.

5. Employees and directors

GROUP
The average monthly number of persons (including directors) employed by the group during the year was:

	2020 Number	2019 Number
Executive Directors	2	2
Non-Executive Directors	4	4
Staff	2	1
Total	8	7

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	646,485	52,163
Share based payment charge	97,763	–
Social security costs	82,826	6,504
Pension costs	41,782	3,447
	868,856	62,114

6. Net finance income

GROUP	2020 £	2019 £
Interest income		
Bank deposits	18,736	1,750

Total interest income for financial assets that are not held at fair value through profit or loss is £18,736 (2019: £1,750).

7. Operating Loss

The loss before income tax is stated after charging:

GROUP	2020 £	2019 £
Operating loss for the period is stated after charging/(crediting):		
Exchange losses/(gains)	28,037	(86,792)
Depreciation of property, plant and equipment	2,807	–
Group auditor remuneration	16,000	8,000
Other assurance services	16,000	–
Subsidiary audit fees	4,170	–
Share-based payments	97,763	–
Executive Director's remuneration	226,024	22,635
Non-Executive Director remuneration	230,541	21,145
Wages and salaries	150,719	8,383
Pensions and payroll taxes	124,608	9,951
Operating leases	96,519	9,500

8. Auditors' remuneration

GROUP	2020 £	2019 £
Fees payable to the group's auditor and associates:		
For audit services		
Group auditor remuneration	16,000	8,000
Other assurance services	16,000	–
Subsidiary audit fees	4,170	–
	36,170	8,000

During the prior year the auditor provided non-audit services of £15,000 in their role as Reporting Accountant in relation to the Company's Admission to AIM. No such services were provided in the current year.

9. Income tax

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	–	–
Foreign taxes and reliefs	(754,289)	–
	(754,289)	–

The charge for the year can be reconciled to the loss per the income statement as follows:

	2020 £	2019 £
Loss before taxation	(2,380,468)	(196,301)
Expected tax credit based on a corporation tax rate of 19.00% (2019: 19.00%)	(452,284)	(37,297)
Effect of expenses not deductible in determining taxable profit	29,421	8,321
Effect of overseas tax rates	(16,696)	–
Adjust closing mainstream unrecognised deferred tax to average rate of 19.00%	–	363
Adjust closing ring fence unrecognised deferred tax to average rate of 19.00%	–	(28,217)
Deferred tax not recognised	439,559	56,830
Foreign taxes and reliefs	(754,289)	–
Taxation credit for the period	(754,289)	–

Unused tax losses on which no deferred tax asset has been recognised as at 31 December 2020 was £1,288,521 (2019: £299,105) and the potential tax benefit was £439,559 (2019: £56,830). Deferred tax assets, including those arising from temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised.

10. Loss per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares. These are not included because they are anti-dilutive.

	2020 £	2019 £
Number of shares		
Weighted average number of ordinary shares for basic earnings per share	10,000,000	2,062,213
Earnings		
Earnings for basic and diluted earnings per share being net profit attributable to equity shareholders of the group for continued operations	(1,625,179)	(196,301)
Basic and diluted earnings per share (expressed in pence)		
From continuing operations	(16.26)	(9.52)

11. Property, plant and equipment

GROUP	Computers £
Cost	
Additions	2,245
At 31 December 2019	2,245
Additions	12,360
At 31 December 2020	14,605
Accumulated depreciation and impairment	
At 31 December 2019	–
Charge for the year	2,807
At 31 December 2020	2,807
Carrying amount	
At 31 December 2020	11,798
At 31 December 2019	2,245

COMPANY	Computers £
Cost	
Additions	2,245
At 31 December 2019	2,245
Additions	5,979
At 31 December 2020	8,224
Accumulated depreciation and impairment	
At 31 December 2019	–
Charge for the year	1,445
At 31 December 2020	1,445
Carrying amount	
At 31 December 2020	6,779
At 31 December 2019	2,245

12. Investments

COMPANY	2020 £	2019 £
Investments in subsidiaries	–	2,540

During the year, the Group evaluated the net asset position of the subsidiary and considered it to be impaired. Consequently, the impairment has been booked in 2020.

The Company or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiary
Longboat Energy Norge AS (company number 924 186 720), with a registered office at Løkkeveien 111, 4007 Stavanger, Norway. The company was incorporated 5 December 2019.

	Holding %
Class of shares:	
Ordinary	100.00

In the current year, the subsidiary recorded a loss of £218,936 with a closing deficit position of £52,115.

13. Financial risk management

The Company is exposed to financial risks through its various business activities. In particular, changes in interest rates exchange rates can have an effect on the capital, financial and revenue situation of the Company. In addition, the Company is subject to credit risks.

The Company has adopted internal guidelines, which concern risk control processes, and which regulate the use of financial instruments and thus provide a clear separation of the roles relating to operational financial activities, their implementation and accounting, and the auditing of financial instruments. The guidelines on which the Company's risk management processes are based are designed to ensure that the risks are identified and analysed across the Company. They also aim for a suitable limitation and control of the risks involved, as well as their monitoring.

The Company controls and monitors these risks primarily through its operational business and financing activities.

Credit Risks
The credit risk describes the risk from an economic loss that arises because a contracting party fails to fulfil their contractual payment obligations. The credit risk includes both the immediate default risk and the risk of credit deterioration, connected with the risk of the concentration of individual risks. For the Company, credit and default risks are concentrated in the financial institutions in which it places cash deposits.

The Company's policy is to place its cash with reputable clearing banks. The Company's cash is deposited with one bank with a credit ratings of AA-.

Notwithstanding existing collateral, the amount of financial assets indicates the maximum default risk in the event that counterparties are unable to meet their contractual payment obligations. The maximum credit default risk amounted to £7,822,924 at the balance sheet date, of which £7,018,311 was cash on deposit at banks. Financial assets were £7,822,924.

Liquidity Risks
Liquidity risk is defined as the risk that a company may not be able to fulfil its financial obligations. The Company manages its liquidity by maintaining cash and cash equivalents sufficient to meet its expected cash requirements to implement its investment policy. In the event that there is a risk that the cash required to follow the investment policy is greater than the Company's liquid resources, the Company would seek confirmation of the continuation of the policy and the raising of further financing at a shareholder general meeting.

At 31 December 2020, the Group has cash on deposit of £7,021,104 (2019: £9,204,257).

Market Risks

Interest Rate Risks
Interest rate risks exist due to potential changes in market interest rates and can lead to a change in the fair value of fixed-interest bearing instruments, and to fluctuations in interest payment for variable interest rate financial instruments.

The Company is exposed to interest rate risk on cash held on deposit at banks. Interest income for the period to 31 December 2020 was £18,736 (2019: £1,750). These accounts are maintained for liquidity rather than investment, and the interest rate risk is not considered material to the Company.

Currency Risks
The Group operates in the UK and Norway, incurs expenses predominantly in sterling and NOK, and holds cash in sterling and NOK. The Company incurs some expenditure in foreign currency when the investment policy requires services to be obtained overseas and is exposed to conversion risk when its NOK balances are retranslated into GBP at period ends. The foreign exchange risk on these costs is not considered material to the Company.

14. Trade and other receivables

GROUP	2020 £	2019 £
Taxes recoverable	22,161	45,060
Prepayments and other debtors	53,646	38,044
	75,807	83,104

COMPANY	2020 £	2019 £
Non-current		
Amounts owed by subsidiary undertakings	696,541	–
Expected (credit)/loss provision	(137,662)	–
	558,879	–
Current		
Amounts owed by subsidiary undertakings	10,253	–
Taxes recoverable	22,161	45,060
Prepayments and other debtors	60,502	38,044
	92,916	83,104

The directors consider that the carrying amount of trade and other receivables approximates to their fair value. Details of intercompany loan balance can be found in Note 14.

15. Called up share capital

Allotted and issued ordinary shares of ten pence each ('Ordinary Shares'):

Number	Class	Nominal value	£
10,000,000	Ordinary	£0.10	1,000,000

Share capital history over the period:

- On incorporation on 28 May 2019, one subscriber share with a nominal value of £1.00 was issued
- On 3 September 2019 the subscriber share of £1.00 was subdivided into 10 Ordinary Shares and a further 999,990 Ordinary Shares were issued at par
- On 23 October 2019 1,000,000 Ordinary Shares were issued at par
- On 25 November 2019 300,000 Ordinary Shares were issued at a premium of 90p per Ordinary Share and from the total Ordinary Shares in issue (2,300,000 Ordinary Shares), 1,800,000 Ordinary Shares were repurchased, cancelled and transferred to other reserves leaving 500,000 Ordinary Shares in issue with total subscription monies of £500,000 (which was carried out in order to ensure that the founders' subscription price for Ordinary Shares was equal to the price paid by the new subscribers in the initial public offering i.e. £1.00 per share)
- On 25 November 2019 a capital reduction was undertaken to convert £270,000 of share premium to other reserves
- On 28 November 2019 9,500,000 Ordinary Shares were allotted to the new subscribers at a premium of 90p per Ordinary Share.

16. Share Premium Account

	2020 £	2019 £
At the beginning of the year	7,808,660	–
Issue of new shares	–	7,808,660
At the end of the year	7,808,660	7,808,660

Detail regarding the transactions in 2019 relating to the share premium account can be found in Note 15.

17. Share-based payment reserve

The Group operates two share-based payment schemes. It operates a Founder Incentive Plan (FIP) under which awards are legally granted in the form of performance units to the participants which was detailed in the IPO Prospectus. Subject to the achievement of performance conditions, the FIP award may be converted into nil cost options over a number of shares on three measurement dates during the life of the FIP. The life of the FIP is five years from the date of the initial IPO, which was November 2019. There are two executive directors, one non-executive director, one non-employee, and one staff member who are members of the plan. The Group also operates a Long-Term Incentive Plan (LTIP) under which awards are legally granted in the form of performance units to the participants which was detailed in the IPO Prospectus. Subject to the achievement of performance conditions, the LTIP award may be converted into nil cost options over a number of shares on three measurement dates during the life of the LTIP. The life of the FIP is three years from the date of the aware being granted, which was September 2020.

	2020 £	2019 £
At the beginning of the year	–	–
Credit to equity for equity-settled share-based payments	97,763	–
At the end of the year	97,763	–

Founder Incentive Plan

The Founder Incentive Plan has a five-year term, with awards granted on 3 July 2020. Under the FIP, awards are granted in the form of performance units to the participants. Subject to the achievement of performance conditions, the FIP award may be converted into nil cost options over a number of shares on three Measurement Dates during the life of the FIP. The value of the award is dependent on the extent to which the Measurement Total Shareholder Return (Measurement TSR) exceeds the Threshold Total Shareholder Return (Threshold TSR) at each Measurement Date. Measurement Dates will be on the third, fourth and fifth anniversaries of the IPO date. The performance condition is based on the relative Total Shareholder Return (TSR) of doubling the value of the company at each respective measurement date as detailed on page 34.

The IFRS 2 'Share-based Payments' fair value of each performance share granted under the FIP is estimated as of the grant date using a Monte Carlo simulation model with weighted average assumptions as follows:

	2020 £	2019 £
Weighted average share price at grant date	0.78	–
TSR performance	–	–
Expected volatility	50.44%	–
Risk free rate	(0.08)%	–
Dividends yield	0.00%	–

The expected share price volatility is based upon the share price volatility from the IPO to the Date of Grant.

Long Term Incentive Plan

The LTIP has a three-year term with the first award granted on 24 September 2020. Under the LTIP, awards are granted in the form of performance units to the participants. Subject to the achievement of performance conditions, the LTIP award may be converted into nil cost options over a number of shares on the vesting date. The value of the award is dependent on the extent of the growth of the TSR per annum at the Measurement Date as detailed on page 34.

The IFRS 2 'Share-based Payments' fair value of each performance share granted under the LTIP is estimated as of the grant date using a Monte Carlo simulation model with weighted average assumptions as follows:

	2020 £	2019 £
Weighted average share price at grant date	0.885	–
TSR performance	–	–
Expected volatility	58.00%	–
Risk free rate	(0.10)%	–
Dividends yield	0.00%	–

The expected share price volatility is based upon the share price volatility from the IPO to the Date of Grant.

18. Currency translation reserve

	2020 £	2019 £
At the beginning of the year	25	–
Currency translation differences	524	25
At the end of the year	549	25

The currency translation reserve relates to the movement in translating operations denominated in currencies other than sterling into the presentation currency.

19. Trade and other payables

GROUP	2020 £	2019 £
Trade payables	129,713	94,452
Accruals	115,309	63,877
Social security and other taxation	94,850	6,504
Other payables	11,738	62,389
	351,610	227,222

COMPANY	2020 £	2019 £
Trade payables	35,518	94,452
Accruals	89,214	63,877
Social security and other taxation	22,781	6,504
Other payables	11,739	62,389
	159,252	227,222

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

20. Deferred Tax

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	ACAs £
Deferred tax liability at 1 January 2019 and 1 January 2020	–
Deferred tax movements in current year	
Differences in tax basis for depreciation in Norway	431
Deferred tax liability at 31 December 2020	431

Deferred tax assets and liabilities are offset in the financial statements only where the company has a legally enforceable right to do so.

21. Current Tax Receivable

GROUP	2020 £	2019 £
Current tax receivable	777,823	–

COMPANY	2020 £	2019 £
Current tax receivable	–	–

Current tax receivable relates to a balance which is due to be refunded to the Group under the negative tax instalment regime which applies to oil and gas companies which are operating in Norway. This relates to expenses incurred in 2020 and is recoverable in 2021.

22. Retirement benefit schemes

Defined contribution schemes

The Group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £41,782 (2019: £3,447).

23. Leasing agreements

Minimum lease payments fall due as follows:

	2020 £	2019 £
Minimum lease payments under operating leases	96,519	9,500

The leases have a term of less than 12 months.

Set out below are the future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities:

	2020 £	2019 £
Operating lease commitments		
Within one year	16,000	45,600

24. Related party transactions

Members of the Board of Directors are deemed to be key management personnel. Key management personnel compensation for the financial period is the same as the Director remuneration set out in note 5 to the accounts.

Directors' and the Company Secretary's interests in the shares of the Company, including family interests, were as follows:

	Ordinary shares
Helge Hammer	300,000
Jonathan Cooper	125,000
Graham Stewart	150,000
Jorunn Saetre	25,000
Julian Riddick	100,000

In addition, the following conditional awards have been made to the Executive Directors and Company Secretary under the FIP which are expressed as a percentage of the total maximum potential award, being 10% of the Company's issued share capital:

Founder	Percentage entitlement of Initial Award pool %	Maximum percentage entitlement of growth in value from IPO %	Maximum percentage of issued share capital %
Helge Hammer	23.5000%	3.525%	2.3500%
Graham Stewart	19.7500%	2.963%	1.9750%
Jonathan Cooper	19.1250%	2.869%	1.9125%
Julian Riddick	18.5000%	2.775%	1.8500%

During the year, the Company entered into a loan agreement with its Norwegian subsidiary. Under this, the subsidiary can draw down to an equivalent of £5,000,000, which is repayable in 5 years. In the year an amount of £696,541 was advanced. The loan has been assessed under the expected credit loss model under IFRS 9, and as such a provision of 20% has been recognised. The loan accrues interest at 7.5%. The total repayable at the year-end was £550,650, net of provision and associated interest was £8,229.

The Company also recharged costs onto its subsidiary which totalled £436,141 during the year. At the year end, £10,253 was outstanding.

The Group does not have one controlling party.

25. Cash absorbed by operations

GROUP	2020 £	2019 £
Loss for the year after tax	(1,626,179)	(196,301)
Adjustments for:		
Deferred tax	431	–
Corporation tax	(754,289)	
Investment income	(18,736)	(1,750)
Depreciation and impairment of property, plant and equipment	2,807	–
Equity settled share-based payment expense	97,763	–
Movements in working capital:		
Decrease/(increase) in trade and other receivables	7,192	(83,104)
Increase in trade and other payables	126,363	220,444
Cash absorbed by operations	(2,164,648)	(60,711)

COMPANY	2020 £	2019 £
Loss for the year after tax	(1,713,675)	(196,301)
Adjustments for:		
Investment income	(26,220)	(1,750)
Depreciation and impairment of property, plant and equipment	1,445	–
Expected (credit)/loss provision	137,662	–
Impairment of investments	166,329	–
Equity settled share-based payment expense	97,763	–
Movements in working capital:		
Increase in trade and other receivables	(15,499)	(83,104)
(Decrease)/increase in trade and other payables	(66,099)	220,444
Cash absorbed by operations	(1,418,294)	(60,711)