

Registration number: FC005975

Apache Beryl I Limited

Incorporated in the Cayman Islands

Directors' Report and Unaudited Financial Statements

for the Year Ended 31 December 2020

Apache Beryl I Limited

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Apache Beryl I Limited

Company Information

Directors	G L Ables (resigned 1 April 2020) J A Graham (resigned 1 April 2020) J W Sauer S Greig (appointed 1 April 2020) R J J Chelte (appointed 1 April 2020 and resigned 17 May 2021) T R Custer (appointed 1 April 2020) K H Neupert (appointed 1 April 2020 and resigned 27 October 2021) The following director was appointed after the year end: R M Littlewood (appointed 17 May 2021)
Company secretary	Paget Brown Trust Company
Company number	FC005975
Registered office	Paget Brown Trust Company Ltd Boundary Hall, PO Box 1111, Cricket Square, George Town, Grand Cayman, Cayman Islands KY1 1102
Bankers	Citibank NA Citibank Centre Canada Square Canary Wharf London E14 5LB

Apache Beryl I Limited

Directors' Report for the Year Ended 31 December 2020

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

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless they consider that to be inappropriate.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Apache Beryl I Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

Environmental report

We have considered the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) when preparing this report. These recommendations encourage businesses to increase disclosure of climate-related information, with an emphasis on financial disclosure. Apache Beryl I Limited supports these recommendations and are committed to disclosing the relevant information which can be found below.

Governance

Protecting the environment is part of the mission and core values that guide Apache's daily work. We continue to reduce environmental impacts at all stages of our operations through the thoughtful evaluation and implementation of new technologies, practices and procedures that not only reduce impacts but often reduce operating costs as well. We are working to reduce operational process-related GHG emissions and energy use by optimizing the efficiency of our operations.

Emissions and energy consumption

Data Records and Methodology

The EU Emission Trading Scheme (ETS) Monitoring and Reporting Regulation (MRR) has been followed for the data records and carbon dioxide (CO₂) calculation methodology. The calculation methodology for the remaining greenhouse gases is described in the OPRED (Offshore Petroleum Regulator for Environment and Decommissioning) Environmental Emissions Monitoring System (EEMS).

Summary of scope 1 (direct) greenhouse gas emissions for the year ended 31 December 2020:

	2020	2019
Scope 1 : Direct GHG emissions (tCO ₂ e)	<u>658,187</u>	<u>678,202</u>

Summary of scope 2 (indirect) greenhouse gas emissions for the year ended 31 December 2020:

	2020	2019
Scope 2 : Indirect GHG emissions (tCO ₂ e)	<u>-</u>	<u>-</u>

Summary of scope 3 (other indirect) greenhouse gas emissions for the year ended 31 December 2020:

	2020	2019
Flaring (GJ)	<u>1</u>	<u>1</u>

Summary of energy consumption for the year ended 31 December 2020:

	2020	2019
Energy Consumption (MWh)	<u>230,941</u>	<u>206,123</u>

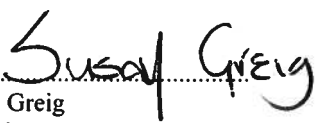
Intensity ratio

During the year ended 31 December 2020 the intensity ration (kg CO₂/boe) was 49.7% (2019 - 54.6%)

Apache Beryl I Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

Approved by the Board on 26 November 2021 and signed on its behalf by:


.....
S Greig
Director

Apache Beryl I Limited

Statement of Profit or Loss for the Year Ended 31 December 2020

	Note	2020 \$ 000	2019 \$ 000
Revenue	4	483,802	601,688
Cost of sales		<u>(399,257)</u>	<u>(379,279)</u>
Gross profit		84,545	222,409
Administrative expenses		<u>(18,391)</u>	<u>(17,509)</u>
Operating profit	5	<u>66,154</u>	<u>204,900</u>
Interest receivable and similar income	8	30,024	35,557
Interest payable and similar charges	9	<u>(51,200)</u>	<u>(44,230)</u>
		<u>(21,176)</u>	<u>(8,673)</u>
Profit on ordinary activities before tax		44,978	196,227
Tax credit/(charge) on profit on ordinary activities	10	<u>393</u>	<u>(49,176)</u>
Profit for the year		<u><u>45,371</u></u>	<u><u>147,051</u></u>

The above results were derived from continuing operations.

Apache Beryl I Limited

Statement of Comprehensive Income for the Year Ended 31 December 2020

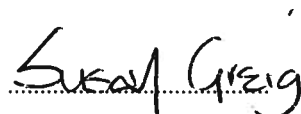
	2020	2019
	\$ 000	\$ 000
Profit for the year	<u>45,371</u>	<u>147,051</u>
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u><u>45,371</u></u>	<u><u>147,051</u></u>

Apache Beryl I Limited

(Registration number: FC005975) Statement of Financial Position as at 31 December 2020

		31 December 2020 \$ 000	31 December 2019 \$ 000
Fixed assets			
Intangible assets	11	63,024	44,496
Property, plant and equipment	12	870,431	1,051,446
Investments	14	206	206
Right of use assets	13	59,190	66,875
		992,851	1,163,023
Current assets			
Inventory	15	73,724	70,762
Trade and other receivables	16	795,725	639,805
Cash and cash equivalents	18	876	485
		870,325	711,052
Creditors: Amounts falling due within one year			
Trade and other payables	19	(321,257)	(307,175)
Current portion of long term lease liabilities	17	(40,726)	(49,734)
Creditors: Amounts falling due within one year		(361,983)	(356,909)
Net current assets		508,342	354,143
Total assets less current liabilities		1,501,193	1,517,166
Provisions for liabilities	20, 10	(768,710)	(815,359)
Net assets		732,483	701,807
Capital and reserves			
Called up share capital	21	100	100
Retained earnings		732,383	701,707
Total shareholders' funds		732,483	701,807

Approved by the Board on 26 November 2021 and signed on its behalf by:



S Greig
Director

Apache Beryl I Limited

Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital \$ 000	Retained earnings \$ 000	Total \$ 000
At 1 January 2020	100	701,707	701,807
Profit for the year	-	45,371	45,371
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	45,371	45,371
Dividends	-	(14,695)	(14,695)
At 31 December 2020	100	732,383	732,483

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

The notes on pages 9 to 28 form an integral part of these financial statements.

Apache Beryl I Limited

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

1 General information

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

These financial statements were authorised for issue by the Board on 26 November 2021.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

The Company has considered all new and amended International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), that are mandatorily effective for the year ending 31 December 2020. In the current year, the following new and revised standards and interpretations have been adopted. None of these have a material impact on the company's annual results.

- References to Conceptual Framework in IFRS Standards
- IFRS 3 Business Combinations - Definition of a Business
- IFRS 7 Financial Instruments: Disclosures - Interest Rate Benchmark Reform
- IFRS 9 Financial Instruments - Interest Rate Benchmark Reform
- IFRS 16 Leases - Covid19 Related Rent Concessions
- IAS 1 Presentation of Financial Statements - Definition of Material
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material
- IAS 39 Financial Instruments: Recognition and Measurement - Interest Rate Benchmark Reform

Basis of preparation

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

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

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

The rate of exchange used for 31 December 2020 is £1:\$1.3671 (2019 - £1:\$1.3245).

The financial statements have not been audited.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions

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

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

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

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

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

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

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

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

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

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

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

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

Going concern

The financial statements have been prepared under the going concern basis and the directors have reviewed the going concern period to 30 September 2022. The company has considerable proved reserves within the Beryl Area to continue in operational existence for the foreseeable future and accordingly the directors continue to adopt the going concern basis in preparing the financial statements. If Apache Beryl I Limited were in a position to require funding, the company may be dependent on the financial support of its parent, Apache Corporation, or other group undertakings.

The directors have considered the liquidity and solvency of Apache Corporation and based on this assessment they believe the company will be able to continue in operational existence for the foreseeable future given the support provided by their operating parent company, Apache Corporation. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Basis of consolidation

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

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2020 have had a material effect on the financial statements.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Revenue recognition

Recognition

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

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

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

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

Exploration, research and development expenditure

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

Interest receivable and interest payable

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

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

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

Foreign currency transactions and balances

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

Taxation

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

The notes on pages 9 to 28 form an integral part of these financial statements.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

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

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

Goodwill

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

Fixed assets

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

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

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

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

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

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

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

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

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

Depreciation and amortisation

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

Investments

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

Inventory

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

Trade and other receivables

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

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

Cash and cash equivalents

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

The notes on pages 9 to 28 form an integral part of these financial statements.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Leases

Definition

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

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

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

Initial recognition and measurement

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

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

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

Subsequent measurement

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

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

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

Lease modifications

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

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

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

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Depreciation

Depreciation is calculated on a straight-line method based on the total value of the contract payments to the lessor, apportioned equally over the term of the lease.

Short term and low value leases

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

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

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

Trade and other payables

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

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

Underlift/overlift

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

Provisions

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

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

Decommissioning provision

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

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

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Dividends

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

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

Joint ventures

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

Financial instruments

Initial recognition

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

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

Classification

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

Derecognition

Financial assets

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

Impairment of financial assets

Measurement of Expected Credit Losses

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

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

The notes on pages 9 to 28 form an integral part of these financial statements.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

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

Critical accounting estimates and assumptions

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

Decommissioning of oil and gas properties

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

Impairment of oil and gas assets

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

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

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

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

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

4 Revenue

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

	2020	2019
	\$ 000	\$ 000
Sale of petroleum products	450,512	554,483
Rendering of services	11,466	13,653
Other revenue	21,824	33,552
	<u>483,802</u>	<u>601,688</u>

The company has five major customers (2019: four) who respectively contribute 19% (\$84 million), 28% (\$125 million), 20% (\$89 million), 12% (\$52 million) and 17% (\$72 million) (2019 respectively: 33% (\$187 million), 22% (\$128 million), 18% (\$106 million) and 15% (\$87 million)).

5 Operating profit

Arrived at after charging

	2020	2019
	\$ 000	\$ 000
Depreciation expense	237,431	241,239
Amortisation expense	6,751	7,433
Impairment loss on exploration and evaluation assets	493	-
Foreign exchange loss	282	300
Loss on disposal	614	1,191

6 Staff costs

The company has no employees (2019: Nil). During the year, staff were seconded from Apache North Sea Production Limited, whose principal activity is the provision of services to other group companies. Staff costs are recharged to the relevant company within the group based on a time allocation.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

7 Directors' remuneration

In both years the directors were remunerated by another Apache group company, with management charges being passed on as appropriate. In 2020 four directors (2019: one) received remuneration, amounting to \$2,571,000 (2019: \$1,008,000) representing overall compensation in respect of their services to Apache Beryl I Limited. This includes \$77,500 (2019: \$43,400) in respect of employer's pension contributions.

During the year no director (2019 - no director) exercised stock options.

The emoluments of the highest paid director was \$1,550,000 (2019: \$1,008,000) and the company paid \$22,000 (2019: \$43,400) in respect of employer's pension contributions. Included in the emoluments of the highest paid director is \$337,000 severance pay for loss of office.

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

8 Interest receivable and similar income

	2020	2019
	\$ 000	\$ 000
Interest income	2	2
Intercompany interest	30,022	35,555
	30,024	35,557

9 Interest payable and similar expenses

	2020	2019
	\$ 000	\$ 000
Other finance costs	10,789	32
Accretion expense on decommissioning liability	38,021	37,395
Interest paid to a group company	-	4,418
Interest expense on leases	2,390	2,385
	51,200	44,230

Included in Other finance costs are letter of credit fees associated with supporting North Sea decommissioning obligations.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

10 Tax on profit on ordinary activities

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

	2020	2019
	\$ 000	\$ 000
Current taxation		
UK corporation tax	44,713	72,342
UK corporation tax adjustment to prior periods	<u>4,280</u>	<u>(3,642)</u>
	<u>48,993</u>	<u>68,700</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	(58,554)	(23,082)
Attributable to the true-up of prior year balances	<u>9,168</u>	<u>3,558</u>
Total deferred taxation	<u>(49,386)</u>	<u>(19,524)</u>
Tax (benefit)/charge in the Income Statement	<u>(393)</u>	<u>49,176</u>

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

	2020	2019 Restated
	\$ 000	\$ 000
Profit before tax	<u>44,978</u>	<u>196,227</u>
Corporation tax at standard rate	17,992	78,491
Expenses not subject to tax	2,382	3,126
Income taxed at different rates	(6,305)	(7,460)
True-up of prior year amounts	13,447	(85)
Net effect of supplementary charge and field allowances	(11,016)	(16,197)
Group relief received for no compensation	(5,295)	(3,201)
Other	<u>(11,598)</u>	<u>(5,498)</u>
Total tax (credit)/charge	<u>(393)</u>	<u>49,176</u>

Upstream oil and gas production activities are taxed at a UK corporation tax rate of 30% (2019: 30%) plus a supplementary charge of 10% (2019: 10%), giving an overall effective rate of 40% (2019: 40%). The 2019 figures are updated to reflect a reconciliation to the standard rate of 40% in alignment with the current year.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

10 Tax on profit on ordinary activities (continued)

Deferred tax liabilities

Deferred tax liabilities are made up as follows:

	2020 \$ 000	2019 \$ 000
Accelerated capital allowances	368,628	439,159
Decommissioning provision	(260,325)	(256,024)
Field allowances	(16,363)	(23,425)
Other	-	4,589
Right of Use Assets	23,676	26,751
Lease Liability	(23,684)	(26,756)
Inventory	22,976	-
Net tax liabilities	114,908	164,294

11 Intangible assets

	Goodwill \$ 000	Exploration & Evaluation assets \$ 000	Total \$ 000
Cost			
At 1 January 2020	82,992	8,715	91,707
Additions	-	44,112	44,112
Costs expensed	-	(13,281)	(13,281)
Impairment	-	(493)	(493)
Transfers	-	(5,059)	(5,059)
At 31 December 2020	82,992	33,994	116,986
Amortisation			
At 1 January 2020	47,211	-	47,211
Amortisation charge	6,751	-	6,751
At 31 December 2020	53,962	-	53,962
Carrying amount			
At 31 December 2020	29,030	33,994	63,024
At 31 December 2019	35,781	8,715	44,496

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

12 Property, plant and equipment

	Other Tangible Assets \$ 000	Development Stage Assets \$ 000	Producing Assets \$ 000	Total \$ 000
Cost or valuation				
At 1 January 2020	1,555	10,731	4,961,890	4,974,176
Additions	-	-	78,278	78,278
Transfers	-	-	4,882	4,882
Change in decommissioning provision	-	-	(26,744)	(26,744)
At 31 December 2020	<u>1,555</u>	<u>10,731</u>	<u>5,018,306</u>	<u>5,030,592</u>
Depreciation				
At 1 January 2020	1,218	10,731	3,910,781	3,922,730
Charge for the year	<u>168</u>	<u>-</u>	<u>237,263</u>	<u>237,431</u>
At 31 December 2020	<u>1,386</u>	<u>10,731</u>	<u>4,148,044</u>	<u>4,160,161</u>
Carrying amount				
At 31 December 2020	<u><u>169</u></u>	<u><u>-</u></u>	<u><u>870,262</u></u>	<u><u>870,431</u></u>
At 31 December 2019	<u><u>337</u></u>	<u><u>-</u></u>	<u><u>1,051,109</u></u>	<u><u>1,051,446</u></u>

During 2020, the decommissioning provision was revised downwards to reflect changes in the timing and costs associated with the decommissioning of the company's oil and gas producing assets.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

12 Property, plant and equipment (continued)

Impairment

Oil and Gas assets

The company assesses the net book value of its oil and gas assets whenever events or changes indicate that their carrying value may not be recoverable. For the 2020 financial statements, the company conducted the review and due to an overall decrease in Proved and Probable reserves together with falling commodity prices, prompted an assessment of impairment. The results of this assessment concluded that there was sufficient headroom within the Beryl cash generating unit (CGU) to conclude that the impairment assessment on these assets was not sensitive to possible changes to Weighted Average Cost of Capital (WACC), oil price and other factors and hence no impairment was booked on these assets.

13 Right of use assets

	Drill Rigs	Total
	\$ 000	\$ 000
Cost or valuation		
At 1 January 2020	116,850	116,850
Timing	(4,667)	(4,667)
Modifications	33,329	33,329
At 31 December 2020	145,512	145,512
Depreciation		
At 1 January 2020	49,974	49,974
Charge for the year	36,348	36,348
At 31 December 2020	86,322	86,322
Carrying amount		
At 31 December 2020	59,190	59,190
At 31 December 2019	66,875	66,875

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

14 Investments

Associate	\$ 000
Cost	
At 31 December 2019 and 31 December 2020	206
Provision	
At 31 December 2019 and 31 December 2020	-
Carrying amount	
At 31 December 2019 and 31 December 2020	206

As at 31 December 2020 the company had invested in a 10% holding of Paloak Limited, a company owning the assets of the International School in Aberdeen.

15 Inventory

	31 December 2020 \$ 000	31 December 2019 \$ 000
Crude oil	14,017	18,237
Raw materials and consumables	57,728	51,249
Other inventories	1,979	1,276
	73,724	70,762

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

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

16 Trade and other receivables

	31 December 2020 \$ 000	31 December 2019 \$ 000
Trade receivables	45,612	12,605
Receivables from group undertakings	735,310	608,670
Prepayments	21	206
Other receivables	<u>14,782</u>	<u>18,324</u>
Total current trade and other receivables	<u><u>795,725</u></u>	<u><u>639,805</u></u>

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

The intercompany loan totalling \$685,416,000 at 31 December 2020 (2019: \$564,922,000 restated), and included within receivables from group undertakings, currently bears interest at LIBOR plus 3%.

The company's exposure to credit and market risks, including maturity analysis, relating to trade and other receivables is disclosed in the financial risk review note.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

17 Leases

Leases included in creditors

	31 December	31 December
	2020	2019
	\$ 000	\$ 000
Current portion of long term lease liabilities	40,726	49,734
Long term lease liabilities	18,483	17,155

Lease liabilities maturity analysis

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

	31 December	31 December
	2020	2019
	\$ 000	\$ 000
Less than one year	40,726	49,734
2 years	18,339	17,001
3 years and over	144	154
Total lease liabilities (undiscounted)	59,209	66,889

Total cash outflows related to leases

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

	31 December	31 December
	2020	2019
	\$ 000	\$ 000
Payment		
Right of use assets	41,014	50,512
Interest	2,390	2,385
Total cash outflow	43,404	52,897

The company enters into lease contracts on its own behalf and on behalf of other Apache Group companies for North Sea operating activities. The total future value of the minimum lease payments for operating leases shown above includes those lease contracts entered into on its own behalf and on behalf of other Apache Group companies. The company's Statement of Profit or Loss and Statement of Financial Position represents gross share inclusive of amounts billable to partners and other working interest owners. (i.e. it includes the lease for the Joint Venture Partnership)

18 Cash at bank and in hand

	31 December	31 December
	2020	2019
	\$ 000	\$ 000
Cash at bank	876	485

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

19 Trade and other payables

	31 December 2020 \$ 000	31 December 2019 \$ 000
Trade Payables	3,495	8,918
Accrued expenses	24,475	38,693
Amounts due to group undertakings	255,416	237,733
Social security and other taxes	-	2
Other payables	17,688	10,059
Current corporation tax	20,183	11,770
	321,257	307,175

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

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

20 Provisions for liabilities

	Decommissioning \$ 000	Deferred taxation \$ 000	Long term lease liabilities \$ 000	Total \$ 000
At 1 January 2020	633,910	164,294	17,155	815,359
Increase / (Decrease) in existing provision	(36,612)	-	1,328	(35,284)
Increase/(decrease) in existing provision charged/(credited) to P&L	-	(49,386)	-	(49,386)
Additions in existing provisions	38,021	-	-	38,021
At 31 December 2020	635,319	114,908	18,483	768,710

Decommissioning costs represent the present value of the estimated future costs of abandonment for existing oil and gas production facilities. At 31 December 2020, the provision for the costs of decommissioning these facilities at the end of their economic lives was \$650,812,000 (2019: \$640,059,000). These costs are expected to be incurred in the years 2021 - 2036 (2019: 2020 - 2036). The decommissioning costs estimated to be incurred in 2021 amounting to \$15,493,000 have been included in other payables in Note 19 (2019: \$6,149,000 included in other payables).

The provision has been estimated using existing technology, at current prices inflated at a rate of 1.5% and discounted using a rate of 6%.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

21 Called up share capital

Allotted, called up and fully paid shares

	No. 000	2020 \$ 000	No. 000	2019 \$ 000
Ordinary shares of \$10 each	<u>10</u>	<u>100</u>	<u>10</u>	<u>100</u>

22 Dividends

Dividends were paid to Apache UK Investment Limited of \$14,695,000 (\$1,469.5 per share) on 15 November 2020 (2019 dividends paid were \$381,088,000 being \$38,108.8 per share).

23 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was \$28,299,000 (2019 - \$17,210,000).

Other financial commitments

The financial commitments contracted for but not provided in the financial statements represents the commitment for the use of the SEGAL pipeline and SAGE TPA. The total amount of other financial commitments not provided in the financial statements was \$68,398,000 (2019 - \$70,504,000).

24 Parent and ultimate parent undertaking

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

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

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

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

25 Non adjusting events after the financial period

On January 4, 2021 Apache Corporation announced that its Board of Directors authorised the Company to proceed with the implementation of a holding company reorganisation, in connection with which, Apache created APA Corporation, a new holding company (APA). Upon completion of the holding company reorganisation, Apache Corporation is a wholly-owned subsidiary of APA. The holding company reorganisation was completed during the first quarter of 2021.