Europa Oil & Gas (Holdings) plc / Index: AIM / Epic: EOG / Sector: Oil & Gas

23 October 2023

Europa Oil & Gas (Holdings) plc

("Europa" or the "Company")

Final results for the year to 31 July 2023

Europa Oil & Gas (Holdings) plc, the AIM traded UK and Ireland focused oil and gas exploration, development and production company, announces its final audited results for the 12-month period ended 31 July 2023.

The full Annual Report and Accounts will be available shortly on the Company's website at www.europaoil.com and will be mailed to those shareholders who have requested a paper copy.

Financial performance

- Revenue remained stable at £6.7 million despite a lower oil price and weaker pound (2022: £6.6 million)
- Gross profit increased 53% to £3.4 million (2022: £2.2 million)
- Pre-tax loss of £0.9 million after non-cash impairment loss of £1.7 million (2022: pre-tax profit £1.4 million)
- Net cash generated in operating activities: £2.8 million (2022: £2.5 million)
- Cash balance: £5.2 million (2022: £8.3 million)

Operational highlights - Building a balanced portfolio of exploration and production assets

Onshore UK – net production increased 8% to 265 barrels of oil per day ("bopd") (2022: 245 bopd) following excellent Wressle performance

- Wressle continued to exceed expectations
  - Gross production averaged 710 bopd throughout the period (2022: 597 bopd), with Europa's net share equating to 213 bopd (2022: 179 bopd)
  - Three microturbines were connected at the Wressle site during January and February 2023, resulting in a 10% increase in oil production
  - New seismic interpretation across the Wressle field has highlighted a potentially significant increase in reserves from the Ashover Grit
  - Gas monetisation project under development with potential for significant oil production gains as a result
- Total net production of 265 bopd was produced from Europa's UK onshore fields during the year with Wressle contributing roughly 81% of this and the remainder coming from the three older fields
- Future potential for West Firsby to continue delivering revenue is being assessed and studies are underway to identify activities which could utilise the existing connection to the local power grid so that the site can be repurposed to generate emission-free renewable energy. This is directly in line with the Company's ESG strategy

- A reassessment of the estimated decommissioning liability for Crosby Warren resulted in a reversal of amounts previously impaired of £177k.

Offshore Ireland - lower risk / very high reward infrastructure-led exploration in proven gas play in the Slyne Basin

- The seismic reprocessing of the FEL 4/19 data has resulted in a marked improvement in the imaging of both the Inishkea West and Inishkea prospects, with the Inishkea West structure now being mapped as a large 4-way closure, with a prospective resource Pmean of 1,554 BCF
- The reprocessed seismic has materially improved the subsurface imaging and provided more confidence in the quality of the seal and trap at Inishkea West, which in turn has increased the chance of success of the prospect. In addition, Inishkea West is prognosed as a shallower structure by some 900 meters which means that the reservoir quality will be better than at Inishkea
- Inishkea West is within easy tie-back range of the Corrib gas field situated some 18 kilometres to the southeast. This proximity to the Corrib infrastructure, the mapped 4-way closure, the large prospective resource and the reduced seal risk means that the Inishkea West prospect has become the primary exploration target on the FEL 4/19 licence.
- Given the significant improvement seen in the reprocessed data, it is expected that the subsurface imaging can be further enhanced by reprocessing the data at 30Hz.
- The farm-out process has been paused until the further reprocessing has been completed.
- In November 2022, DECC gave consent to extend the first phase of our 100% owned FEL 4/19 licence to 31 January 2024. Given the nature of the reprocessing it has taken longer than expected to complete the work programme and as a result we have since applied for a further extension to allow us to continue with the reprocessing work and then find a suitable partner to drill an exploration well.

Offshore UK - 25% interest in the Serenity discovery in the North Sea

- Progress continues with the development of the Serenity oil discovery in the Central North Sea alongside our partner i3 Energy plc
- Despite drilling an appraisal well in October 2022 that failed to encounter hydrocarbons, the partners believe that a one-well development in the eastern area of the field around the discovery well is economically viable. However, we believe that the Serenity field is geologically connected to the neighbouring Tain field and together with i3 Energy we are assessing the feasibility for unitisation of the two fields
- A number of potential development scenarios are available given local infrastructure, with a future development potentially resulting in approximately 1,000 bopd net to Europa's 25% interest

UK offshore licensing round

- Europa participated in the UK Government's 33rd offshore oil and gas licensing round

Board

- Simon Oddie retired as CEO in March 2023, but remains on the Board as a non-executive director

- William Holland was appointed as CEO in March 2023, having been CFO since April 2022
- William Ahlefeldt retired as non-executive director in April 2023
- Alastair Stuart was appointed as COO and executive director in April 2023, having been a technical consultant to the Company since 2012

Post reporting period events

- Operations to install a jet pump for artificial lift on the Wressle-1 well are underway. The original completion was removed from the well and a new completion, including the sub-surface pump, has been successfully run in the well as of early October 2023. All that remains is for the required surface pump and associated flowlines and electrics to be installed, which is expected to be completed before the end of October.
- PEDL 181 was relinquished during September 2023. The asset was not deemed to be adequately attractive. It had zero carrying value on the balance sheet.
- Applied to DECC to extend licence FEL 4/19 from 31 January 2024 to undertake further reprocessing and secure a farm-in partner.

William Holland, CEO of Europa, said:

"Europa made significant progress, both operationally and financially, during the 2022/23 financial year, including continued development work at our flagship asset, the Wressle oilfield, which consistently performs above initial expectations. As planned, we have initiated multiple projects designed to increase oil production and gas monetisation from the field, and in the first half of the year, we executed the initial phase of the gas utilisation project, which has led to a c. 10% increase in oil production. Even though Wressle is already exceeding expectations, having produced 710 bopd during the financial year, we remain focused on realising the full potential of the field, with the completion of these additional projects and drilling the Penistone horizon being one of Europa's priority medium-to-long-term projects.

In the year, we delivered revenue from operating activities of £6.7 million and generated net cash from operating activities of £2.8 million, demonstrating the financial resilience of the Company and maintaining our strong track record of positive cash generation. It has been a year of considerable administrative transition for Europa: we set up a new London office, strengthened our in-house technical and managerial capabilities with new staff members and expanded our business development activity levels; all with the purpose of delivering our strategy faster and more efficiently.

We have impressed on both the Irish Government and Europa stakeholders the significant role our offshore Ireland FEL 4/19 licence could play in minimising Ireland's dependence on costly and carbon-intensive gas imports and enhancing the country's strategic energy security. FEL 4/19 contains an estimated prospective resource of 1.55 TCF of gas, and in June 2023, I hand-delivered a document detailing our licence's potential to senior Irish Government officials during an exclusive energy summit hosted by the Taoiseach Leo Varadkar. We have continued to be proactive in both executing advanced technical reprocessing work and seeking a suitable farm-in partner for our FEL 4/19 licence and remain committed to continuing our efforts to work constructively with the Department of the Environment, Climate and Communications to progress

FEL 4/19 to drilling. In October 2023 we announced the results of our seismic reprocessing which has materially improved the subsurface imaging and provided more confidence in the quality of the seal and trap at Inishkea West, which in turn has increased the chance of success of the prospect whilst also increasing the size of the prospect to 1.55 TCF. In addition, Inishkea West is prognosed as a shallower structure by some 900 meters which means that the reservoir quality will be better than at Inishkea and as a result this has become our primary prospect on the licence.

Progress continues with the development of the Serenity oil discovery in the Central North Sea, and we are collaborating with our partner i3 Energy to determine the best strategic direction for the prospect, with a variety of development scenarios being diligently considered including a development incorporating the Tain discovery that could be tied back to the Blake field or potentially developed with low-cost infrastructure as a standalone field.

In July 2023, we assumed operatorship of our onshore UK licence PEDL343, which holds the Cloughton gas discovery. Our technical team has already performed an audit of the existing subsurface data and established a range of gas in place volumes with a Pmean of 192 bcf gross. Our team is now working on a conceptual development plan for the field, which we expect will demonstrate the material potential value of the licence. Concurrently we are engaged with stakeholders to secure the necessary permits and approvals required to drill an appraisal well, which we believe will demonstrate the reservoir can deliver the production rates required for a commercial development of the field.

We are continually assessing opportunities to further diversify our asset portfolio. We are encouraged by the reaffirmation of UK Government support for offshore and onshore hydrocarbon exploration and production and remain optimistic about our future growth prospects."

For further information, please visit www.europaoil.com or contact:

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Chairman's Statement

The 2022/23 financial year was a productive period for Europa, underpinned by continued operational progress and financial stability. Although the period was not without its challenges, we managed to deliver on a number of our strategic objectives and further demonstrated our financial resilience by maintaining our balance sheet strength. Despite well-publicised trading headwinds, we once again generated impressive levels of revenue from our onshore UK producing assets, with our total average net production rate for the period at 265 bopd.

Wressle is our leading production asset and currently the second most productive onshore UK oilfield and remains central to our growth strategy. During the year we continued to invest capital in improving the site and making solid progress with the Field Development Plan. The war between Russia and Ukraine is showing no signs of abating and as a result energy security remains a key priority for countries across the globe. We have continued our positive dialogue with the Irish Government, communicating the potential of our offshore licence FEL 4/19 to help reduce the country's reliance on imported gas and support the energy transition, and we welcomed its decision to extend the first phase of our licence to 31 January 2024. The work programme on FEL 4/19 has taken longer than expected to complete, given the cutting-edge nature of the technology involved in the seismic reprocessing. The results have also highlighted further enhancements that could be undertaken to improve the sub-surface imaging. We have therefore applied for an extension to conduct further reprocessing and continue with the farm-out discussions, which have been put on hold until the reprocessing is complete. We are very encouraged by the results of the reprocessing completed to date, which have reduced the risk associated with an exploration well whilst increasing the size of the primary Inishkea West prospect, and we believe that the licence is now significantly more attractive to a potential farminee than previously.

Elsewhere, we continue to assess development options for the offshore UK Serenity oilfield with our partner i3 Energy. Europa holds a 25% working interest in the Central North Sea licence and given Serenity's proximity to local infrastructure, management believes developing the discovered reserve as a joint development with the adjacent Tain Field could be a cost-effective solution.

Looking ahead, we remain focused on building on the progress delivered in the period and continuing to implement our prudent development plan for Wressle to accelerate long-term production rates, access additional reserves within the field and cement its position as a leading UK onshore oilfield.

Onshore UK

Since coming onstream in 2021, Wressle has been our best performing asset, consistently delivering strong production rates and exceeding expectations. During the year, Wressle's gross production rate was 710 bopd, which, taking into account the impact of development operations at the field, represents yet another excellent performance.

The first phase of the gas utilisation project was completed in January 2023, whereby three microturbines were connected to provide site power which resulted in a circa 10% increase in oil production. The next phase involves the connection to a gas pipeline located approximately 600 metres from the existing well site, which will be constructed as part of the Wressle development drilling programme scheduled for 2024.

Planning for the Wressle development drilling programme, which will access the Penistone reserves and leverage the existing infrastructure, is progressing well and we continue to work in collaboration with our partners to optimise the field's performance and maximise its efficiency, whilst also targeting zero flaring.

Towards the end of the year, we announced that we had assumed operatorship of licence PEDL343, which holds the Cloughton gas discovery. The Cloughton field was discovered in 1986 and encountered gas throughout the Carboniferous section. The well tested at rates of up to 28,000 scf/day on natural flow, however with the right completion and production optimisation techniques the Company believes that a well could flow up to 6 mmscf/day. Following an internal review of the existing sub-surface data the Company concluded that there is a Pmean GIIP of 192 BCF on the licence. We are therefore committed to progressing the asset to appraisal drilling operations and capitalising on this opportunity to potentially monetise the discovery in the long-term.

Offshore UK

We farmed into the Serenity field in the Central North Sea just over a year ago and re-entered the UK offshore sphere for the first time since 2017. The appraisal well spudded in Q3 2022 and unfortunately failed to encounter oil-bearing sands. However we are continuing to explore a high-potential opportunity to develop the discovered reserve via the adjacent Tain Field. The Serenity and Tain discoveries benefit from having existing infrastructure located in close proximity to our licence. In addition our investment in Serenity has provided a shelter against the Energy Profits Levy for the income generated across our asset base.

The UK Government remains supportive of North Sea exploration and production, as epitomised by its recent commitment to grant hundreds of new offshore oil and gas licences, and this continued investment represents a major boost to our efforts to optimise the development of Serenity with our partner i3 Energy.

Offshore Ireland

During the year, we stepped up our efforts to attract a suitable farm-in partner for the development of FEL 4/19, our 100%-owned offshore Ireland licence. Within FEL 4/19 are the Inishkea and Inishkea West prospects, which represent Europa's key gas exploration interests. These are located nearby the already producing Corrib gas field and are, therefore, low-risk prospects which we are aiming to explore when a farmin partner has been secured. Inishkea West is our principal prospect which contains an estimated prospective resource of 1.55 TCF of gas and could provide sufficient natural gas to significantly extend the operational life of the Bellanaboy gas processing terminal, potentially making a strong contribution to Irish energy security, and maintaining the 180 skilled jobs at the gas terminal.

We maintain a strong working relationship with the Irish Government, in particular the team at the Department of the Environment, Climate and Communications ("DECC"), and were pleased that the minister agreed to extend our licence to January 2024. We have been working diligently to complete the committed seismic reprocessing work programme which has recently reduced the risks associated with the Inishkea West prospect and indicated that reprocessing at a higher frequency could further improve the sub-surface resolution of the exploration targets. In order to undertake this work and then continue with the farm-out process we have requested an extension to the licence and hope to receive this in the coming months.

Ireland is currently conducting a major review of its energy security, and we firmly believe our FEL 4/19 licence could play a key role in the country's energy strategy going forward, especially given the fact that low carbon-intensive indigenous gas is widely recognised as a key transition fuel on the pathway to net zero.

Board Changes

After four years as chief executive officer of Europa, Simon Oddie decided to retire as CEO in March 2023. The board conducted a formal process for a new CEO, advised by a specialist executive search firm, which resulted in the appointment of William Holland as CEO. Simon worked tirelessly to build a strong platform from which to grow the Company and, on behalf of the board, I would like to express my sincere thanks for his unwavering commitment to the business during his tenure as CEO. Simon remains on the board as a non-executive director and continues to provide strategic insight to support the development of the business.

Our new CEO William Holland has had a significant impact on the Company since joining us as Chief Financial Officer in 2022, and he has continued to deliver considerable operational, organisational and financial progress in his new role. We remain confident that Will has the skills required to continue to drive the growth of the business as we strive to deliver on our strategic priorities.

In April 2023, Alastair Stuart, who has been consulting as a petroleum engineer for Europa since 2012, joined the Company on a permanent basis as COO and as an executive director. Alastair's upstream experience has been instrumental in the development of Wressle and we will continue to leverage his technical expertise and extensive knowledge of our assets to enhance our overarching business strategy and develop our project portfolio.

Following many years of loyal service and an invaluable contribution to Europa, William Ahlefeldt retired as a director of Europa in April 2023. We wish William well in his future endeavours and thank him for his long-standing dedication to the Company.

Conclusion and Outlook

The 2022/23 financial year was another strong period for Europa, during which we delivered considerable development progress at Wressle and maintained our robust financial position. Our strong cash flows and healthy balance sheet will enable us to continue to advance the production enhancement project at Wressle, whilst supporting our plans to progress licence PEDL343 to appraisal drilling.

Alongside our partners, we continue to assess options for developing the discovered reserve at Serenity via the Tain field, which could be as a unified development and potentially highly material to Europa. In addition, we remain confident that we will be granted an extension for FEL 4/19, which will enable us to complete the reprocessing work and find the ideal farm-in partner to drill and develop the Inishkea West prospect. Europa participated in the UK Government's 33rd offshore oil and gas licensing round and we remain well-positioned to explore opportunities on and offshore UK.

The development programme being undertaken at Wressle demonstrates our commitment to generating additional value for shareholders as we focus on delivering on our long-term growth strategy and building an enviable portfolio of assets across production, appraisal and exploration stages of the development cycle.

Our new-look management team has worked tirelessly throughout the year to fulfil our strategic aspirations and I would like to extend my thanks to them for their hard work and perseverance on a diverse range of projects. The entire board looks ahead with confidence to what we expect will be another constructive year for the Company and one where we hope that we will see strong progress at Wressle, Cloughton and FEL 4/19.

Qualified Person Review

This release has been reviewed by Alastair Stuart, Europa's Chief Operating Officer, who is a petroleum engineer with over 35 years' experience and a member of the Society of Petroleum Engineers and has consented to the inclusion of the technical information in this release in the form and context in which it appears.

The financial information set out below does not constitute the company's statutory accounts for 2023 or 2022. The financial information has been prepared in accordance with UK adopted international accounting standards on a basis that is consistent with the accounting policies applied by the group in its audited consolidated financial statements for the year ended 31 July 2023. Statutory accounts for the years ended 31 July 2022 and 31 July 2021 have been reported on by the Independent Auditors.

The Independent Auditors' Report on the Annual Report and Financial Statements for 2023 and 2022 were unqualified and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006. Statutory accounts for the year ended 31 July 2022 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 July 2023 will be delivered to the Registrar in due course.

Consolidated statement of comprehensive income

For the year ended 31 July	Note	**2023** **£000**	**2022** £000
Continuing operations			
Revenue	2	**6,653**	6,584
Cost of sales	2	***(3,448)***	*(3,806)*
Impairment of producing fields	12	***177***	*(570)*
Total cost of sales		**(3,271)**	(4,376)
Gross profit		**3,382**	2,208
Exploration write-off	11	**(1,686)**	-
Administrative expenses		**(1,872)**	(821)
Finance income	6	**9**	239
Finance expense	7	**(717)**	(238)
(Loss) / profit before taxation	3	**(884)**	1,388
Taxation expense	8	**32**	(32)
(Loss) / profit for the year		**(852)**	1,356
Other comprehensive profit / (loss)			
Items which will not be reclassified to profit /(loss)			
Profit / (loss) on investment revaluation	9	**5**	(18)
Total other comprehensive profit /(loss)		**5**	(18)
Total comprehensive (loss) / income for the year attributable to the equity shareholders of the parent		**(847)**	1,338

Earnings per share (EPS) attributable to the equity shareholders of the parent from continuing operations	Note	**Pence per share**	Pence per share
Basic EPS	10	**(0.09p)**	0.19p
Diluted EPS		**(0.09p)**	0.18p

Consolidated statement of financial position

As at 31 July	Note	2023 £000	2022 £000
Assets			
Non-current assets			
Intangible assets	11	**7,146**	3,785
Property, plant and equipment	12	**2,417**	3,021
Total non-current assets		**9,563**	6,806
Current assets			
Investments	13	**-**	24
Inventories	14	**19**	36
Trade and other receivables	15	**893**	1,866
Restricted cash	16	**-**	6,884
Cash and cash equivalents		**5,165**	1,394
Total current assets		**6,077**	10,204
Total assets		**15,640**	17,010
Liabilities			
Current liabilities			
Loans	18	**-**	(40)
Trade and other payables	17	**(781)**	(1,573)
Total current liabilities		**(781)**	(1,613)
Non-current liabilities			
Trade and other payables	17	**(12)**	(4)
Long-term provisions	21	**(4,368)**	(4,164)
Total non-current liabilities		**(4,380)**	(4,168)
Total liabilities		**(5,161)**	(5,781)
Net assets		**10,479**	11,229
Capital and reserves attributable to equity holders of the parent			
Share capital	22	**9,592**	9,565
Share premium	22	**23,682**	23,660
Merger reserve	22	**2,868**	2,868
Retained deficit		**(25,663)**	(24,864)
Total equity		**10,479**	11,229

These financial statements were approved by the board of directors and authorised for issue on 20 October 2023 and signed on its behalf by:

William Holland, CEO
Company registration number 05217946

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity

Attributable to the equity holders of the parent

	Share capital £000	Share premium £000	Merger reserve £000	Retained deficit £000	Total equity £000
Balance at 1 August 2021	**5,665**	**21,157**	**2,868**	**(26,441)**	**3,249**
Comprehensive loss for the year					
Profit for the year attributable to the equity shareholders of the parent	-	-	-	1,356	1,356
Other comprehensive loss attributable to the equity shareholders of the parent	-	-	-	(18)	(18)
Total comprehensive profit for the year	**-**	**-**	**-**	**1,338**	**1,338**
Contributions by and distributions to owners					
Issue of share capital (net of issue costs)	3,900	2,722	-	-	6,622
Issue of share warrants(note 23)	-	(219)	-	219	-
Share-based payments (note 23)	-	-	-	20	20
Total contributions by and distributions to owners	**3,900**	**2,503**	**-**	**239**	**6,642**
Balance at 31 July 2022	**9,565**	**23,660**	**2,868**	**(24,864)**	**11,229**

	Share capital £000	Share premium £000	Merger reserve £000	Retained deficit £000	Total equity £000
Balance at 1 August 2022	**9,565**	**23,660**	**2,868**	**(24,864)**	**11,229**
Comprehensive loss for the year					
Loss for the year attributable to the equity shareholders of the parent	-	-	-	(852)	(852)
Other comprehensive profit attributable to the equity shareholders of the parent	-	-	-	5	5
Total comprehensive loss for the year	**-**	**-**	**-**	**(847)**	**(847)**
Contributions by and distributions to owners					
Issue of share capital (net of issue costs)	27	22	-	-	49
Share-based payments (note 23)	-	-	-	48	48
Total contributions by and distributions to owners	**27**	**22**	**-**	**48**	**97**
Balance at 31 July 2023	**9,592**	**23,682**	**2,868**	**(25,663)**	**10,479**

The accompanying notes form part of these financial statements.

Company statement of financial position

As at 31 July	Note	2023 £000	2022 £000
Assets			
Non-current assets			
Property, plant and equipment	12	**49**	26
Investments	13	**2,343**	2,343
Amounts due from Group companies	15,24	**22,143**	13,270
Total non-current assets		**24,535**	15,639
Current assets			
Other receivables	15	**129**	163
Cash and cash equivalents		**121**	249
Total current assets		**250**	412
Total assets		**24,785**	16,051
Liabilities			
Current liabilities			
Loans	18	**-**	(40)
Trade and other payables	17	**(250)**	(546)
Total current liabilities		**(250)**	(586)
Trade and other payables	17	(12)	(3)
Total non-current liabilities		**(12)**	(3)
Total liabilities		**(262)**	(589)
Net assets		**24,523**	15,462
Capital and reserves attributable to equity holders of the parent			
Share capital	22	**9,592**	9,565
Share premium	22	**23,682**	23,660
Merger reserve	22	**2,868**	2,868
Retained deficit		**(11,619)**	(20,631)
Total equity		**24,523**	15,462

The Company has taken advantage of the exemption provided under Section 408 of the Companies Act 2006 not to publish its individual statement of comprehensive income and related notes. The profit dealt with in the financial statements of the parent Company is £8,964,000 (2022: £6,238,000).

These financial statements were approved by the board of directors and authorised for issue on 20 October 2023, and signed on its behalf by:

William Holland
CEO
Company registration number 05217946

The accompanying notes form part of these financial statements.

Company statement of changes in equity

	Share capital £000	Share premium £000	Merger reserve £000	Retained deficit £000	Total equity £000
Balance at 1 August 2021 originally stated	**5,665**	**21,157**	**2,868**	**(27,108)**	**2,582**
Comprehensive profit for the year					
Profit for the year attributable to the equity shareholders of the parent	-	-	-	6,238	6,238
Total comprehensive profit for the year	**-**	**-**	**-**	**6,238**	**6,238**
Contributions by and distributions to owners					
Issue of share capital (net of issue costs)	3,900	2,722	-	-	6,622
Issue of share warrants(note 23)	-	(219)	-	219	-
Share-based payments (note 23)	-	-	-	20	20
Total contributions by and distributions to owners	**3,900**	**2,503**	**-**	**239**	**6,642**
Balance at 31 July 2022	**9,565**	**23,660**	**2,868**	**(20,631)**	**15,462**

	Share capital £000	Share premium £000	Merger reserve £000	Retained deficit £000	Total equity £000
Balance at 1 August 2022 originally stated	**9,565**	**23,660**	**2,868**	**(20,631)**	**15,462**
Comprehensive profit for the year					
Profit for the year attributable to the equity shareholders of the parent	-	-	-	8,964	8,964
Total comprehensive profit for the year	**-**	**-**	**-**	**8,964**	**8,964**
Contributions by and distributions to owners					
Issue of share capital (net of issue costs)	27	22	-	-	49
Share-based payments (note 23)	-	-	-	48	48
Total contributions by and distributions to owners	**27**	**22**	**-**	**48**	**97**
Balance at 31 July 2023	**9,592**	**23,682**	**2,868**	**(11,619)**	**24,523**

Consolidated statement of cash flows

For the year ended 31 July	Note	2023 £000	2022 £000
Cash flows from / (used in) operating activities			
(Loss) / Profit after tax from continuing operations		**(852)**	1,356
Adjustments for:			
Share-based payments	23	**48**	20
Depreciation	12	**1,133**	1,618
(Reversal) / impairment of producing field	12	**(177)**	570
Exploration write-off	11	**1,686**	-
Finance expense	7	**717**	238
Taxation expense recognised in profit and loss	8	**(32)**	32
Decrease / (increase) in trade and other receivables		**973**	(1,344)
Decrease / (increase) in inventories		**17**	(13)
(Decrease) / increase in trade and other payables		**(765)**	18
Net cash generated by operations		**2,748**	2,495
Income taxes paid		**32**	(32)
Net cash generated by operating activities		**2,780**	2,463
Cash flows from / (used in) investing activities			
Purchase of property, plant and equipment		**(564)**	(403)
Purchase of intangible assets		**(5,047)**	(1,246)
Cash escrow release re Morocco		**263**	-
Cash escrow release / (deposit) re Serenity	16	**6,622**	(6,621)
Net cash from / (used in) investing activities		**1,274**	(8,270)
Cash flows (used in) / from financing activities			
Gross proceeds from issue of share capital	22	**49**	7,020
Costs incurred on issue of share capital		**-**	(398)
Proceeds from borrowings		**1,000**	-
Repayment of borrowings		**(1,040)**	(10)
Lease liability payments		**(20)**	(14)
Lease liability interest payments		**(2)**	(2)
Finance costs		**(35)**	(3)
Disposal of listed shares		**29**	-
Net cash (used in) / from financing activities		**(19)**	6,593
Net increase in cash and cash equivalents		**4,035**	786
Exchange loss on cash and cash equivalents		**(264)**	(33)
Cash and cash equivalents at beginning of year		**1,394**	641
Cash and cash equivalents at end of year		**5,165**	1,394

The accompanying notes form part of these financial statements.

Company statement of cash flows

For the year ended 31 July	Note	**2023** **£000**	2022 £000
Cash flows used in operating activities			
Profit after tax from continuing operations		**8,964**	6,238
Adjustments for:			
Share-based payments	23	**48**	20
Depreciation	12	**38**	10
Movement in intercompany loan provision	24	**(7,997)**	(5,720)
Finance income		**(1,928)**	(810)
Finance expense		**13**	2
Decrease/(increase) in trade and other receivables		**36**	(93)
Decrease in trade and other payables		**(273)**	(106)
Net cash used in operating activities		**(1,099)**	(459)
Cash flows from / (used in) investing activities			
Purchase of property, plant and equipment		**(61)**	(13)
Movement on loans to Group companies		**1,052**	(6,152)
Net cash flows from / (used in) investing activities		**991**	(6,165)
Cash flows (used in)/ from financing activities			
Gross proceeds from issue of share capital	22	**49**	7,020
Costs incurred on issue of share capital		**-**	(398)
Proceeds from borrowings		**1,000**	-
Repayment of borrowings		**(1,040)**	(10)
Lease liability principal payment		**(15)**	(8)
Lease liability interest payment		**(1)**	(1)
Finance costs		**(13)**	(2)
Net cash (used in) / from financing activities		**(20)**	6,601
Net decrease in cash and cash equivalents		**(128)**	(23)
Cash and cash equivalents at beginning of year		**249**	272
Cash and cash equivalents at end of year		**121**	249

The accompanying notes form part of these financial statements.

Notes to the financial statements

1 Accounting Policies

General information

Europa Oil & Gas (Holdings) plc is a public company incorporated and domiciled in England and Wales, limited by shares, with registered number 05217946. The address of the registered office is 30 Newman Street, London, W1T 1PT. The principal activity of the company is oil and gas exploration, appraisal, development and production.

The functional and presentational currency of the Company is Sterling (UK£).

Basis of accounting

The consolidated and individual Company financial statements have been prepared in accordance with applicable UK adopted International Accounting Standards.

The accounting policies that have been applied in the opening statement of financial position have also been applied throughout all periods presented in these financial statements. These accounting policies comply with each IFRS that is mandatory for accounting periods ending on 31 July 2023.

Going concern

The directors have prepared a cash flow forecast for the period ending 31 December 2024, which considers the continuing and forecast cash inflow from the Group's producing assets, the cash held by the Group at October 2023, less administrative expenses and planned capital expenditure. Oil price estimates for the base case cash flow forecast are based upon a flat $75 per barrel, whilst production estimates are sourced from the Group's internal modelling for Wressle and recent actual production.

The directors have performed sensitivities allowing for reasonably possible simultaneous falls in oil price and in Wressle production, and the Group and Company had sufficient cash resources to meet their obligations.

The directors have also performed sensitivities on the cashflow allowing for various severe downside scenarios including:

- a fall in the expected oil price from a base case price of $75 per barrel to as low as $65 per barrel
- incurring development spend on two additional Wressle development wells but with no production until 2025
- a deterioration of the US$ against the Pound Sterling to 1.50

These sensitivities have been modelled as a reverse stress test, and the directors consider the likelihood of such movements to be very low. However, should these scenarios occur, the Group would have to employ certain predefined mitigations to remain cash positive.

The directors have concluded, as at the date of approval of these financial statements, that there is a reasonable expectation that the Group and Company will still have sufficient cash resources to be able to continue as a going concern and meet its obligations as and when they fall due over the going concern period.

Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. Intra Group balances are eliminated on consolidation. Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

The Group is engaged in oil and gas exploration, development and production through unincorporated joint operations.

Joint arrangements

Joint arrangements are those arrangements in which the Group holds an interest on a long-term basis which are jointly controlled by the Group and one or more venturers under a contractual arrangement. When these arrangements do not constitute entities in their own right, the consolidated financial statements reflect the relevant proportion of costs, revenues, assets and liabilities applicable to the Group's interests in accordance with IFRS 11. The Group's exploration, development and production activities are presently conducted jointly with other companies in this way.

For the licences where the Group does not hold 100% equity (refer to the licence interests table on page 7) a joint arrangement exists. The equity and voting interest of the Group is disclosed in the table, activities are typical for activities in the oil and gas sector and are strategic to the Group's activities. The principal place of business for all the joint arrangements is the UK.

Revenue recognition

The Group follows IFRS 15. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue when control passes on the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Contracts with customers are presented in an entity's balance sheet as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. The Group's accounting policy under IFRS 15 is that revenue is recognised when the Group satisfies a performance obligation by transferring oil to a customer. The title to oil and gas typically transfers to a customer at the same time as the customer takes physical possession of the oil or gas. Typically, at this point in time, the performance obligations of the Group are fully satisfied.

Revenue is measured based on the consideration to which the Group expects to be entitled under the terms of a contract with a customer. The consideration is determined by the quantity and price of oil and gas delivered to the customer at the end of each month.

Non-current assets

Oil and gas interests

The financial statements with regard to oil and gas exploration and appraisal expenditure have been prepared under the full cost basis. This accords with IFRS 6 which permits the continued application of a previously adopted accounting policy. The unit of account for exploration and evaluation assets is the individual licence.

Pre-production assets

Pre-production assets are categorised as intangible assets on the statement of financial position. Pre-licence expenditure is expensed as directed by IFRS 6. Expenditure on licence acquisition costs, geological and geophysical costs, costs of drilling exploration, appraisal and development wells, and an appropriate share of overheads (including directors' costs) are capitalised and accumulated on a licence-by-licence basis. These costs which relate to the exploration, appraisal and development of oil and gas interests are initially held as intangible non-current assets pending determination of technical feasibility and commercial viability. On commencement of production these costs are tested for impairment prior to transfer to production assets. If licences are relinquished, or assets are not deemed technically feasible or commercially viable, accumulated costs are written off to cost of sales.

Production assets

Production assets are categorised within property, plant and equipment on the statement of financial position. With the determination of commercial viability and approval of an oil and gas project the related pre-production assets are transferred from intangible non-current assets to tangible non-current assets and depreciated upon commencement of production within the appropriate cash generating unit.

Impairment tests

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units) as disclosed in notes 11 and 12. As a result, some assets are tested individually for impairment and some are tested at cash generating unit level.

Impairment tests are performed when indicators as described in IAS 36 are identified. In addition, indicators such as a lack of funding or farmout options for a licence which is approaching termination or the implied value of a farm-out transaction are considered as indicators of impairment.

An impairment loss is recognised and charged to cost of sales for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist or have decreased. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's or cash generating unit's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset or cash generating unit does not exceed either its recoverable amount, or the carrying amount that would have been determined, net of depreciation/amortisation, had no impairment loss been recognised for the asset or cash generating unit in prior years. Such a reversal is credited to cost of sales.

Property, plant and equipment
Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Depreciation
All expenditure within tangible non-current assets is depreciated from the commencement of production, on a unit of production basis, which is the ratio of oil and gas production in the period to the estimated quantities of proven plus probable commercial reserves at the end of the period, plus the production in the period. Costs used in the unit of production calculation comprise the net book value of capitalised costs. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

Furniture and computers are depreciated on a 25% per annum straight line basis.

Reserves
Proven and probable oil and gas reserves are estimated quantities of commercially producible hydrocarbons which the existing geological, geophysical and engineering data shows to be recoverable in future years. The proven reserves included herein conform to the definition approved by the Society of Petroleum Engineers (SPE) and the World Petroleum Congress (WPC). The probable and possible reserves conform to definitions of probable and possible approved by the SPE/WPC using the deterministic methodology. Reserves used in accounting estimates for depreciation are updated periodically to reflect management's view of reserves in conjunction with third party formal reports. Reserves are reviewed at the time of formal updates or as a consequence of operational performance, plans and the business environment at that time.

Reserves are adjusted in the year that formal updates are undertaken or as a consequence of operational performance and plans, and the business environment at that time, with any resulting changes not applied retrospectively.

Future decommissioning costs
A provision for decommissioning is recognised in full at the point that the Group has an obligation to decommission an appraisal, development or producing well. A corresponding non-current asset (included within producing fields in note 12) of an amount equivalent to the provision is also created. The amount recognised is the estimated cost of decommissioning, discounted to its net present value and is reassessed each year in accordance with local conditions and requirements. The discount rate used is the risk-free rate, adjusted for risks that are not already included in the forecast cash flows. For producing wells, the asset is subsequently depreciated as part of the capital costs of production facilities within tangible non-current assets, on a unit of production basis. Any decommissioning obligation in respect of a pre-production asset is carried forward as part of its cost and tested annually for impairment in accordance with the above policy.

Changes in the estimates of commercial reserves or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to the decommissioning asset. The unwinding of the discount on the decommissioning provision is included within finance expense.

Acquisitions of exploration licences
Acquisitions of exploration licences through acquisition of non-operational corporate structures that do not represent a business, and therefore do not meet the definition of a business combination, are accounted for as the acquisition of an asset. Related future consideration that is contingent is not recognised as an asset or liability until the contingent event has occurred.

Taxation
Current tax is the tax payable based on taxable profit/(loss) for the year.

Deferred income taxes are calculated using the balance sheet liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. Tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary difference will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the statement of comprehensive income, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Foreign currency

The Group and Company prepare their financial statements in Sterling.

Transactions denominated in foreign currencies are translated at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

Any exchange differences arising on the settlement of items or on translating items at rates different from those at which they were initially recorded are recognised in the Statement of comprehensive income in the period in which they arise. Exchange differences on non-monetary items are recognised in the Statement of changes in equity to the extent that they relate to a gain or loss on that non-monetary item taken to the Statement of changes in equity, otherwise such gains and losses are recognised in the Statement of comprehensive income.

Europa Oil & Gas (Holdings) plc is domiciled in the UK, which is its primary economic environment and the Company's functional currency is Sterling. The Group's current operations are based in the UK and Ireland and the functional currencies of the Group's entities are the prevailing local currencies in each jurisdiction. Given that the functional currency of the Company is Sterling, management has elected to continue to present the consolidated financial statements of the Group and Company in Sterling.

Investments

Investments, which are only investments in subsidiaries, are carried at cost less any impairment. Additions include the net value of share options issued to employees of subsidiary companies less any lapsed, unvested options.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Financial assets are classified as either financial assets at amortised cost, at fair value through other comprehensive income ('FVTOCI') or at fair value through profit or loss ('FVPL') depending upon the business model for managing the financial assets and the nature of the contractual cash flow characteristics of the financial asset.

A loss allowance for expected credit losses is determined for all financial assets, other than those at FVPL, at the end of each reporting period. The Group applies a simplified approach to measure the credit loss allowance for trade receivables using the lifetime expected credit loss provision. The lifetime expected credit loss is evaluated for each trade receivable taking into account payment history, payments made subsequent to year end and prior to reporting, past default experience and the impact of any other relevant and current observable data. The group applies a general approach on all other receivables classified as financial assets. The general approach recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or have expired.

Fair value through other comprehensive income

The Group has a number of strategic investments in listed and unlisted entities which are not accounted for as subsidiaries, associates or jointly controlled entities. For those investments, the Group has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the Group considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investment's carrying amount.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

Amortised cost

This category is the most relevant to the Company. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The losses arising from impairment are recognised in a separate line in the income statement. This category generally applies to trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents are carried at cost and include all highly liquid investments with a maturity of three months or less.

Restricted cash are those amounts held by third parties on behalf of the Group and are not available for the Group's use; these are recognised separately from cash and cash equivalents on the balance sheet.

Financial Liabilities

The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics. All purchases of financial liabilities are recorded on the trade date, being the date on which the Group becomes party to the contractual requirements of the financial liability. Unless otherwise indicated the carrying amounts of the Group's financial liabilities approximate to their fair values. The Group's financial liabilities consist of financial liabilities measured at amortised cost and financial liabilities at fair value through profit or loss.

Trade and other payables

Trade and other payables are initially recorded at fair value and subsequently carried at amortised cost.

Derecognition of financial liabilities

A financial liability (in whole or in part) is derecognised when the Group has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the statement of comprehensive income.

Treatment of finance costs

All finance costs are expensed through the income statement. The Group does not incur any finance costs that qualify for capitalisation.

Defined contribution pension schemes

The pension costs charged against profits are the contributions payable to the scheme in respect of the accounting period.

Inventories

Inventories comprise oil in tanks stated at the lower of cost and net realisable value. Cost is determined by reference to the actual cost of production in the period.

Share-based payments

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All equity-settled share-based payments are ultimately recognised as an expense in the statement of comprehensive income with a corresponding credit to reserves. Where options over the parent Company's shares are granted to employees of subsidiaries of the parent, the charge is recognised in the statement of comprehensive income of the subsidiary. In the parent Company accounts there is an increase in the cost of the investment in the subsidiary receiving the benefit.

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if the number of share options ultimately exercised is different to that initially estimated.

Upon exercise of share options, the proceeds received, net of attributable transaction costs, are credited to share capital, and where appropriate share premium.

Critical accounting judgements and key sources of estimation uncertainty

Details of the Group's significant accounting judgements and critical accounting estimates are set out in these financial statements and include:

Critical accounting judgements

- Carrying value of intangible assets (note 11) – carrying values are justified with reference to indicators of impairment as set out in IFRS 6. Based on judgements at 31 July 2023 there was £1,686k write off (2022: £Nil). The licence in Morocco expired in November 2022 and was not renewed. Resultantly the full carrying value of the intangible asset of £1,686k was impaired.

  The Serenity appraisal well, drilled in the last quarter of 2022, did not find oil bearing sands and as such the well was plugged and abandoned during the year. All well costs have been capitalised within intangible assets. Well data provided valuable insights into the reservoir structure and active work is now being performed by the Company and the operator to assess the various development options for the Serenity field. The directors considered the unsuccessful appraisal well as a potential indicator of impairment. In the directors' judgment the potential value of reserves that were discovered by the discovery well, based on management's best estimate calculated on a discounted cash flow basis, exceeds the carrying amount of the related capitalised Serenity intangible asset as at 31 July 2023. There cannot however be certainty that at the end of the evaluation period a commercial development of Serenity volumes can be achieved.

  The licence period for FEL 4/19 (Inishkea) expires on 31 January 2024. The Company is presently in the process of applying for an extension to the license. These financial statements do not include the adjustments that would result if the licence was not renewed.

Critical accounting estimates

- Carrying value of property, plant and equipment (note 12) – carrying values are justified by reference to future estimates of cash flows, discounted at appropriate rates. The directors estimates variables like reserves volumes, future oil prices, future capital and operating expenditure and discount rates. The directors rely on third party formal reports and historical reservoir performance to establish the appropriate reserves volumes and production profiles to use in estimating future cash flows. Future costs are based internal or joint venture budgets, and discount rates are estimated with reference to applicable external and internal data sources. The directors utilise management's view on external analyst datasets in relation to oil and gas price forecasts. At 31 July 2023 there was a reversal of amounts previously impaired of £177k (2022: £570k impairment). This predominantly related to the effect of the reduction in the estimated decommissioning liability for Crosby Warren.

- Deferred taxation (note 20) – assumptions regarding the future profitability of the Group and whether the deferred tax assets will be recovered.

- Decommissioning provision (note 21) – inflation and discount rate estimates (3% and 10% respectively) are used in calculating the provision, along with third party estimates of remediation costs.

- Share-based payments (note 23) – measurement of the fair value of options granted uses valuation techniques where active market quotes are not available. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

- Reserves and resources (note 12) – reserves and resources are estimated based on management's view and third-party formal reports and these estimates directly impact the recoverability of asset carrying values that are reported in the financial statements.

2 Operating segment analysis

In the opinion of the directors the Group has four reportable segments as reported to the chief executive officer, being the UK, Ireland, Morocco and new ventures.

The reporting on these segments to management focuses on revenue, operating costs and capital expenditure. The impact of such criteria is discussed further in the Chairman's statement and strategic report of this annual report.

Income statement for the year ended 31 July 2023

	UK £000	**Ireland £000**	**Morocco £'000**	**New ventures £000**	**Total £000**
Revenue	6,653	-	-	-	6,653
Cost of sales	*(3,448)*	-	-	-	*(3,448)*
Impairment of producing fields	*177*	-	-	-	*177*
Cost of sales	(3,271)	-	-	-	(3,271)
Gross profit	**3,382**	**-**	**-**	**-**	**3,382**
Exploration write-off	-	-	(1,686)	-	(1,686)
Administrative expenses	(2,078)	227	-	(21)	(1,872)
Finance income	(4)	4	9	-	9
Finance costs	(717)	-	-	-	(717)
Loss before tax	**582**	**232**	**(1,677)**	**(21)**	**(884)**
Taxation	32	-	-	-	32
Loss for the year	**615**	**231**	**(1,677)**	**(21)**	**(852)**

Segmental assets and liabilities as at 31 July 2023

	UK £000	**Ireland £000**	**Morocco £000**	**New Ventures £'000**	**Total £000**
Non-current assets	7,380	2,183	-	-	9,563
Current assets	6,077	-	-	-	6,077
Total assets	**13,457**	**2,183**	**-**	**-**	**15,640**
Non-current liabilities	(4,380)	-	-	-	(4,380)
Current liabilities	(762)	(19)	-	-	(781)
Total liabilities	**(5,142)**	**(19)**	**-**	**-**	**(5,161)**
Other segment items					
Capital expenditure – cash flow	4,925	387	299	-	5,611
Depreciation	1,133	-	-	-	1,133
Share-based payments	48	-	-	-	48

Income statement for the year ended 31 July 2022

	UK £000	Ireland £000	Morocco £'000	New ventures £000	Total £000
Revenue	6,584	-	-	-	6,584
Cost of sales	*(3,806)*	-	-	-	*(3,806)*
Impairment of producing fields	*(570)*	-	-	-	*(570)*
Cost of sales	(4,376)	-	-	-	(4,376)
Gross profit	**2,208**	**-**	**-**	**-**	**2,208**
Exploration write-off	-	-	-	-	-
Administrative expenses	(1,082)	268	-	(7)	(821)
Finance income	205	1	33	-	239
Finance costs	(238)	-	-	-	(238)
Profit before tax	**1,093**	**269**	**33**	**(7)**	**1,388**
Taxation	(32)	-	-	-	(32)
Profit for the year	**1,061**	**269**	**33**	**(7)**	**1,356**

Segmental assets and liabilities as at 31 July 2022

	UK £000	Ireland £000	Morocco £000	New Ventures £'000	Total £000
Non-current assets	3,624	1,796	1,386	-	6,806
Current assets	9,941	-	263	-	10,204
Total assets	**13,565**	**1,796**	**1,649**	**-**	**17,010**
Non-current liabilities	(4,168)	-	-	-	(4,168)
Current liabilities	(1,594)	(19)	-	-	(1,613)
Total liabilities	**(5,762)**	**(19)**	**-**	**-**	**(5,781)**
Other segment items					
Capital expenditure	795	129	725	-	1,649
Depreciation	1,618	-	-	-	1,618
Share-based payments	20	-	-	-	20

100% of the total revenue (2022: 100%) relates to UK-based customers. Of this figure, one end customer (2022: one) commands more than 99% of the total, including sales made through operators to the end customer. UK revenue by site was as follows: West Firsby £489,000 (2022: £353,000); Crosby Warren £447,000 (2022: £651,000); Whisby £387,000 (2022: £696,000); and Wressle £5,330,000 (2022:£4,884,000).

Positive values for administrative expenditure in the Ireland segment in both 2023 and 2022 relate to the reversal of certain accrued licence expenditure which had previously been impaired.

3 Profit / loss before taxation

Profit / loss before taxation is stated after charging/ (crediting):

		2023 £000	2022 £000
Depreciation and amortisation on property, plant & equipment	12	**1,133**	1,618
Staff costs including directors	5	**1,371**	806
Diesel		**174**	163
Business rates		**37**	43
Site safety and security		**98**	89
Exploration write-off	11	**1,686**	-
Impairment reversal / impairment	12	**(177)**	570
Fees payable to the auditor for the audit		**78**	70
Operating leases – land and buildings		**44**	43

4 Directors' emoluments

Directors' salaries and fees – Company and Group	2023 £000	2022 £000
C Ahlefeldt-Laurvig (resigned 27 April 2023)	**18**	26
B O'Cathain	**44**	41
S Oddie	**344**	258
S Williams	**33**	31
W Holland	**230**	27
A Stuart (appointed 3 April 2023)	**53**	-
	722	383

Directors' pensions	2023 £000	2022 £000
W Holland	**18**	3
A Stuart (appointed 3 April 2023)	**5**	-
	23	3

The above charge represents premiums paid to money purchase pension plans during the year.

Directors' share-based payments	2023 £000	2022 £000
SG Oddie	**4**	9
BJ O'Cathain	**1**	2
S Williams	**1**	2
W Holland	**38**	6
	44	19

The above represents the accounting charge in respect of share options. No share options were exercised during the period (2022: none).

Directors' total emoluments

	Salaries and fees £000	Social security costs £000	Pensions £000	Share-based payments £000	Total 2023 £000
CW Ahlefeldt-Laurvig (resigned 27 April 2023)	18	2	-	-	20
BJ O'Cathain	44	5	-	1	50
SG Oddie	344	47	-	4	395
S Williams	33	3	-	1	37
W Holland	230	32	18	38	318
A Stuart (appointed 3 April 2023)	53	7	5	-	65
	722	**96**	**23**	**44**	**885**

	Salaries and fees £000	Social security costs £000	Pensions £000	Share-based payments £000	Total 2022 £000
CW Ahlefeldt-Laurvig (resigned 27 April 2023)	26	2	-	-	28
BJ O'Cathain	41	5	-	2	48
SG Oddie	258	36	-	9	303
S Williams	31	3	-	2	36
W Holland	27	4	3	6	40
	383	50	3	19	455

5 Employee information

Average monthly number of employees including directors - Group	**2023 Number**	2022 Number
Management and technical	**7**	6
Field exploration and production	**5**	4
	12	10

Staff costs - Group	**2023 £000**	2022 £000
Wages and salaries (including directors' emoluments)	**1,133**	676
Social security	**137**	83
Pensions	**53**	27
Share-based payments (note 23)	**48**	20
	1,371	806

Average monthly number of employees including directors - Company	**2023 Number**	2022 Number
Management and technical	**7**	6
	7	6

Staff costs - Company	**2023**	2022
	£000	£000
Wages and salaries (including directors' emoluments)	**881**	463
Social security	**113**	60
Pensions	**37**	12
Share-based payment	**48**	20
	1,079	555

6 Finance income

	2023	2022
	£000	£000
Bank interest received	**9**	-
Foreign exchange gains	**-**	239
	9	239

7 Finance expense

	2023	2022
	£000	£000
Unwinding of discount on decommissioning provision (note 21)	**416**	**233**
Foreign exchange loss	**264**	**-**
Other finance expense	**37**	**5**
	717	**238**

8 Taxation

	2023	2022
	£000	£000
Movement in deferred tax asset (note 20)	**1,503**	318
Movement in deferred tax liability (note 20)	**(1,503)**	(318)
Current tax - UK	**32**	(32)
Tax credit/(expense)	**32**	(32)

UK corporation tax is calculated at 40% (2022: 40%) of the estimated assessable profit for the year being the applicable rate for a ring-fence trade including the Supplementary Charge of 10%. From 24 May 2022 a new UK tax, the Excess Profits Levy ("EPL") applies to the Group, and it is levied at 25% of assessable EPL profits for the period from 26 May 2022 to 31 December 2022, and at 35% from 1 January 2023 onwards. The current tax credit for the year ended 31 July 2023 related exclusively to carry back of current year EPL losses against the prior year EPL profit.

	2023	2022
	£000	£000
(Loss)/profit before tax	**(884)**	1,388
Tax reconciliation		
Loss / (profit) multiplied by the standard rate of corporation tax in the UK including Supplementary Charge of 40% (2022: 40%)	**(354)**	555
Expenses not deductible for tax purposes	**1,003**	430
Deferred tax asset not recognised	**192**	235
Accelerated capital allowances	**(1,802)**	-
Taxed at a different rate	**(3,995)**	-
Losses carried forward	**5,172**	-
Previously unrecognised tax losses utilised	**(266)**	(1,187)
Prior year adjustment	**18**	-
Other reconciling items	**-**	(1)
Total tax (credit)/expense	**(32)**	32

9 Other comprehensive income

	2023	2022
	£000	£000
Loss on investment revaluation	**5**	(18)

On 8 May 2019, the Group disposed of its interest in PEDL143 to UK Oil & Gas Plc ('UKOG') for consideration of 25,951,557 UKOG shares. At the time of the sale the shares were worth 1.156p each, resulting in a total value of £300,000. An irrevocable election has been made to record gains and losses arising on the shares as Other Comprehensive Income. The investment was revalued at the year-end 2022 to £24,000 (0.09p per share) and was sold during the year for £29,000 (0.11p per share)).

10 Earnings per share

Basic earnings per share ('EPS') has been calculated on the (loss)/profit after taxation divided by the weighted average number of shares in issue during the period. Diluted EPS uses an average number of shares adjusted to allow for the issue of shares on the assumed conversion of all in-the-money options.

As the Group made a loss from continuing operations in the year, any potentially dilutive instruments were considered to be anti-dilutive. Therefore, the diluted EPS is equal to the basic EPS for the year. As at 31 July 2023 there were 19,724,154 (2022: £37,607,821) potentially dilutive instruments in issue.

The calculation of the basic and diluted earnings per share is based on the following:

	2023	2022
	£000	£000
(Loss)/Profit for the year attributable to the equity shareholders of the parent	**(852)**	1,356
Weighted average number of shares		
For the purposes of basic EPS	**958,804,515**	700,028,629
For the purpose of diluted EPS	**958,804,515**	737,636,450

11 Intangible assets

Intangible assets – Group	2023	2022
	£000	£000
At 1 August	**3,785**	6,438
Additions	**5,047**	1,246
Transferred to property, plant and equipment (note 12)	**-**	(3,899)
Exploration write-off	**(1,686)**	-
At 31 July	**7,146**	3,785

Intangible assets comprise the Group's pre-production expenditure on licence interests as follows:

	2023	2022
	£000	£000
Ireland FEL 4/19 (Inishkea)	**2,166**	1,789
UK PEDL181	**112**	81
UK PEDL182 (Broughton North)	**34**	34
UK PEDL343 (Cloughton)	**108**	92
Morocco (Inezgane)	**-**	1,379
Serenity	**4,726**	410
Total	**7,146**	3,785

Exploration write-off	2023	2022
	£000	£000
Morocco (Inezgane)	**1,686**	-

The licence in Morocco expired in November 2022 and was not renewed. Resultantly the full carrying value of the intangible asset of £1,686k was impaired.

If the Group elects not to continue in any other licence, then the impact on the financial statements will be the impairment of some or all of the intangible assets disclosed above. Details of commitments are included in note 25.

12 Property, plant & equipment

Property, plant & equipment - Group

	Furniture & computers £000	Producing fields £000	Right of use assets £000	Total £000
Cost				
At 31 July 2021	5	10,887	67	10,959
Additions	13	928	-	941
Transferred from intangible assets (note 11)	-	3,899	-	3,899
At 31 July 2022	18	15,714	67	15,799
Additions	38	290	24	352
At 31 July 2023	**56**	**16,004**	**91**	**16,151**
Depreciation, depletion and impairment				
At 31 July 2021	3	10,552	35	10,590
Charge for year	1	1,601	16	1,618
Impairment in year	-	570	-	570
At 31 July 2022	4	12,723	51	12,778
Charge for year	24	1,090	19	1,133
Impairment reversal in year	-	(177)	-	(177)
At 31 July 2023	**28**	**13,636**	**70**	**13,734**
Net Book Value				
At 31 July 2021	2	335	32	369
At 31 July 2022	14	2,991	16	3,021
At 31 July 2023	**28**	**2,368**	**21**	**2,417**

The producing fields referred to in the table above are the production assets of the Group, namely the oilfields at Wressle, Crosby Warren and West Firsby, and the Group's interest in the Whisby W4 well.

The carrying value of each producing field was tested for impairment by comparing the carrying value with the value-in-use. The value-in-use was calculated using a discounted cash flow model with production decline rates based on engineering estimates and recent production experience. Brent crude price was based on a flat rate of $75 per barrel.

The post-tax discount rate of 10% (pre-tax 16.67%) is high because of the applicable rates of tax in the UK. Cash flows were projected over the expected life of the fields which is expected to be longer than five years.

Based on the assumptions set out above, a net impairment reversal of £177,000 (2022: impairment of £570,000) was required. This was made up of a reversal of amounts previously impaired in relation to Crosby Warren due to a downward revision of the decommissioning liability, offset by an additional impairment in relation to West Firsby due to an upward revision in the decommissioning liability. The recoverable amount was calculated at a discount rate of 10% (2022: 10%).

Sensitivity to key assumption changes

Variations to the key assumptions used in the value-in-use calculation, as outlined above, would cause impairment of the producing fields as follows:

	Impairment of producing fields £000
Production decline rate	
+10%	-
-10%	-
Brent crude price per barrel	
$65 flat	-
$55 flat	-
Pre-tax discount rate	
20%	-
25%	-

None of the variations result in an impairment individually.

Property, plant & equipment - Company

	Furniture & computers £000	Right of use assets £000	Total £000
Cost			
At 31 July 2021	5	37	42
Disposals	(1)	(80)	(81)
At 31 July 2022	18	37	55
Additions	37	24	61
At 31 July 2023	**55**	**61**	**116**
Depreciation			
At 31 July 2021	3	16	19
Charge for year	1	9	10
At 31 July 2022	4	25	29
Charge for year	24	14	38
At 31 July 2023	**28**	**39**	**67**
Net Book Value			
At 31 July 2021	2	21	23
At 31 July 2022	14	12	26
At 31 July 2023	**27**	**22**	**49**

13 Investments - Group

Investment in shares	**2023**	2022
	£000	£000
At 1 August	**24**	42
Write back/(write off) on revaluation	**5**	(18)
Disposal	**(29)**	
At 31 July	**-**	24

On 8 May 2019, the Group disposed of its interest in PEDL143 to UK Oil & Gas Plc ('UKOG') for consideration of 25,951,557 UKOG shares, which it still holds. At the time of the sale the shares were worth 1.156p each, resulting in a total value of £300,000. The entire investment was disposed of during the current year. The investment was revalued on the date of the disposal to the realised value of £29,000 (0.11p per share) (2022 year-end value: £24,000 (0.09p per share) with the profit being recorded in Other Comprehensive Income (note 9).

Investments - Company

Investment in subsidiaries	**2023**	2022
	£000	£000
At 1 August	**2,343**	2,343
Current year additions	**-**	-
At 31 July	**2,343**	2,343

The Company's investments at the reporting date include 100% of the share capital in the following unlisted companies:

- Europa Oil & Gas Limited, which undertakes oil and gas exploration, development and production in the UK.
- Europa Oil & Gas (West Firsby) Limited, which is non-trading.
- Europa Oil & Gas (Ireland West) Limited, which previously held the interest in the FEL 2/13 licence.
- Europa Oil & Gas (Ireland East) Limited, which previously held the interest in the FEL 3/13 and FEL 1/17 licences.
- Europa Oil & Gas (Inishkea) Limited, which holds the interest in the FEL 4/19 and previously held the interest in FEL 3/19 licences.
- Europa Oil & Gas (New Ventures) Limited, which previously held the interest in the Moroccan licence.

All six companies are registered in England and Wales, all having their registered office at 30 Newman Street, London W1T 1PT.

The results of the six companies have been included in the consolidated accounts.

Europa Oil & Gas Limited owns 100% of the ordinary share capital of Europa Oil & Gas (UK) Limited (registered in England and Wales with registered office at 30 Newman Street, London W1T 1PT and is non-trading).

14 Inventories - Group

	2023	2022
	£000	£000
Oil in tanks	**19**	36

15 Trade and other receivables

	Group		Company	
	2023	2022	**2023**	2022
Current trade and other receivables	**£000**	£000	**£000**	£000
Trade receivables	**556**	1,476	**-**	-
Other receivables	**103**	185	**30**	43
Corporation tax receivable	**50**	-	**-**	-
Prepayments	**184**	205	**99**	120
	893	1,866	**129**	163
Non-current other receivables				
Owed by Group undertakings (note 24)	**-**	-	**22,143**	13,270

16 Restricted cash

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Cash guarantee	**-**	263	**-**	-
Security escrow funds	**-**	6,621	**-**	-
	-	6,884	**-**	-

In the prior year, pursuant to the requirements of the farm-in agreement with i3 Energy plc in relation to UK offshore licence P.2358, Block 13/23c ("Serenity"), the Group deposited into an escrow account the full remaining committed funding requirement for its paying share of the 2023 appraisal well. During the current year funds were released from the escrow account in relation to expenditure incurred on the Serenity well. Upon completion of well operations all remaining escrow funds were released and transferred to the Group's unrestricted cash accounts, and the escrow account was closed. The escrow account was treated as restricted cash in the prior year.

The guarantee that was required by the petroleum agreement with the National Office of Hydrocarbons and Mines ('ONHYM') in Morocco for $315,000 (£263,000) (2022: $315,000 (£263,000)) was released and transferred to the Group's unrestricted cash accounts during the year upon expiry of the licence. This account was treated as restricted cash in the prior year.

17 Trade and other payables

	Group		Company	
Current trade and other payables	**2023**	2022	**2023**	2022
	£000	£000	**£000**	£000
Trade payables	**454**	1,234	**175**	480
Lease liabilities	**10**	13	**8**	8
Corporation tax payable	**-**	32	**-**	-
Other payables	**317**	294	**67**	58
	781	1,573	**250**	546
Non-current trade and other payables				
Lease liabilities	**12**	4	**12**	3

18 Borrowings

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Loans repayable in less than 1 year				
Bounce Back Loan	-	40	-	40
Total short-term borrowing	**40**	40	**40**	40

In June 2020 the Group drew down on a Bounce Back loan for £50,000 under the Government's Covid 19 policies. The loan is repayable within 6 years of drawdown but with a 12-month holiday and repayments started in July 2021. The annual rate of interest is 2.5%. The loan was repaid in full in August 2022.

On 8 September 2022 the Company entered into a loan agreement with Union Jack Oil plc ("UJO"). The key features of the loan were: £1 million loan amount, 18-month term, interest rate of 11% per annum, repayable at any point during the term without penalty and secured against 10% interest in the Wressle field (PEDL180, and PEDL182). The loan was to provide additional liquidity during the drilling of the Serenity appraisal well. The loan was repaid in full on 18 October 2022.

19 Leases

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Amounts recognised in the statement of comprehensive income:				
Interest on right of use liabilities	**(1)**	(2)	**(1)**	(1)
Amounts recognised in the statement of cash flows:				
Repayment of lease liabilities – principal	**(20)**	(14)	**(15)**	(8)
Repayment of lease liabilities – interest	**(2)**	(2)	**(1)**	(1)
Maturity analysis (undiscounted):				
Amounts due within one year	**(9)**	(14)	**(8)**	(8)
Amounts due after more than 1 year & less than 5 years	**(12)**	(2)	**(12)**	(2)
Amounts due after more than 5 years	**-**	-	**-**	-

The Group's right of use asset comprises the lease of 4 vehicles (note 12). The corresponding lease liability for the right to use leased assets is included within trade and other payables in the statement of financial position (note 17).

20 Deferred Tax – Group

	2023	2022
Recognised deferred tax asset:	**£000**	£000
As at 1 August	**-**	-
Charged to statement of comprehensive income	**-**	-
At 31 July	**-**	-

The Group has a deferred tax liability of £2,935,000 (2022: £1,433,000) arising from accelerated capital allowances and a deferred tax asset of £2,935,000 (2022: £1,433,000) arising from trading losses which will be utilised against future taxable profits. These were offset against each other resulting in a £nil net asset/liability (2022: £nil net asset/liability). This offsetting was required because the Group settles current tax assets and liabilities on a net basis.

Non-recognised long-term deferred tax asset

The Group has a non-recognised deferred tax asset of £7.3 million (2022: £5.2 million), which arises in relation to ring-fenced UK trading losses of £13.1 million (2022: £8.9 million), non-ring-fenced UK trading losses of £11.7 million (2022: £5.2 million), EPL losses of £4.1 million (2022: £nil) and subsidiary losses and carried forward capital expenditure of £7.3 million (2022: £6.7 million) that have not been recognised in the accounts as the timing of the utilisation of the losses is considered uncertain.

No deferred tax assets or liabilities are recognised in the Company.

21 Provisions – Group

Decommissioning provisions are based on third party estimates of work which will be required and the judgement of directors. By their nature, timing and the detailed scope of work required are uncertain.

Long-term provisions	**2023**	2022
	£000	£000
As at 1 August	**4,164**	3,393
Charged to statement of comprehensive income (note 7)	**416**	233
Change in estimated phasing of cash flows	**(212)**	538
At 31 July	**4,368**	4,164

The decrease in the estimated decommissioning provision resulted mainly from a reassessment of the estimated timings of when such decommissioning activities are undertaken at the end of their economic lives.

Sensitivity to key assumption changes

Variations to the key assumptions used in the decommissioning provision estimates would cause increases / (reductions) to the provision as follows:

	Further decommissioning provision £000
Inflation rate (current assumption 3%)	
2%	(386)
5%	740
Discount rate (current assumption 10%)	
5%	1,489
15%	(890)

No provisions have been recognised in the Company.

22 Called up share capital

	2023 £000	2022 £000
Allotted, called up and fully paid ordinary shares of 1p		
At 1 August 2022: 956,466,985 shares (1 August 2021: 566,466,985)	**9,565**	5,665
Issued in the year: 2,717,193 shares (2022: 390,000,000 shares)	**27**	3,900
At 31 July 2023: 959,184,178 shares (2022: 956,466,985)	**9,592**	9,565

Ordinary shares issued

Date	Type of Issue	Number of shares	Issue price	Raised gross £000	Raised net of costs £000	Nominal value £000
20 September 2022	Placing	2,717,193	0.018	49	49	27
	Total	2,717,193		49	49	27

The placing of ordinary shares during the year was to satisfy an exercise of warrants. All of the allotted shares are ordinary shares of the same class and rank pari passu. The following describes the purpose of each reserve within owners' equity:

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value
Merger reserve	Reserve created on issue of shares on acquisition of subsidiaries in prior years
Retained deficit	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income

23 Share-based payments

The Group operates an approved Enterprise Management Incentive ('EMI') share option scheme for employees and an unapproved scheme for grants in excess of EMI limits and for non-employees. Both schemes are equity-settled share-based payments as defined in IFRS 2 Share-based payments. A recognised valuation methodology is employed to determine the fair value of options granted as set out in the standard. The charge incurred relating to these options is recognised within operating costs.

Combined information for the two schemes operated by the Group is set out below.

There are 41,550,628 ordinary 1p share options/warrants outstanding (2022: 41,207,821).

These are held as follows:

Holder	31 July 2023	31 July 2022
BJ O'Cathain	2,950,000	2,950,000
SG Oddie	9,200,000	9,200,000
SA Williams	2,500,000	2,500,000
W Holland	7,721,000	3,721,000
Employees of the Group	3,800,000	2,740,000
Consultants and advisers	15,379,628	20,096,821
Total	**41,550,628**	41,207,821

The fair values of options were determined using a Black Scholes Merton model or, in the case of those issued to advisors as part of the share issue, the fair value was deemed to be the share issue price. Volatility is based on the Company's share price volatility since flotation.

In the year 6,520,000 options/warrants were granted, 2,280,000 expired, 1,180,000 were forfeited, and 2,717,193 were exercised (2022: 15,863,667 granted, 2,223,458 expired, 685,000 forfeited, none exercised).

	2023 Number of options	**2023 Average exercise price**	2022 Number of options	2022 Average exercise price
Outstanding at the start of the year	41,207,821	2.23p	26,029,154	2.37p
Granted - employees/directors	6,520,000	1.14p	3,721,000	2.31p
Granted - advisors	-	-	12,142,667	1.80p
Exercised	(2,717,193)	1.80p	-	-
Expired	(2,280,000)	2.31p	-	-
Forfeited	(1,180,000)	3.66p	(685,000)	7.00p
Outstanding at the end of the year	41,550,628	2.04p	41,207,821	2.02p
Exercisable at the end of the year	23,599,628	1.56p	18,096,821	1.64p

The 6,250,000 options granted in June 2023 vest in three tranches of 2,083,333, one tranche after each of 12, 24 and 36 months, and are exercisable conditional upon the Europa Oil & Gas (Holdings) plc closing average mid-market share price being above 2.836p for 30 consecutive trading days, and expire on the sixth anniversary of the grant date. The inputs used to determine their values are detailed in the table:

Grant date	22 March 2023
Number of options	6,250,000
Share price at grant	1.1p
Exercise price	1.25p
Volatility	70.81%
Dividend yield	Nil
Risk free investment rate	3.326%
Option life in years	6
Fair value per option	0.71p

Based on the fair values above, the charge arising from employee share options was £48,000 (2022: £20,000). The charge relating to non-employee share options was £Nil (2022: £Nil). The charge allocated directly to equity, relating to the issue of options on the issue of share capital, was £Nil (2022: £219,000).

Share options/warrants outstanding at the end of the period have exercise prices ranging from 1.14p to 8.9p and the weighted average remaining contractual life at the end of the period was 2.7 years (2022: 3.4 years).

24 Financial instruments

The Group's and Company's financial instruments comprise cash and cash equivalents, bank borrowings, loans, and items such as trade and other receivables and trade and other payables which arise directly from its operations. Europa's activities are subject to a range of financial risks, the main ones being credit; liquidity; interest rates; commodity prices; foreign exchange; and capital. These risks are managed through ongoing review considering the operational, business and economic circumstances at that time.

Financial assets – Group

	Amortised cost	Amortised cost	Fair value through other comprehensive income	Fair value through other comprehensive income
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Investments	**-**	-	**-**	24
Trade and other receivables	**709**	1,661	**-**	-
Restricted cash	**-**	6,884	**-**	-
Cash and cash equivalents	**5,165**	1,394	**-**	-
Total financial assets	**5,874**	9,939	**-**	24

Financial assets – Company

	Amortised cost	Amortised cost	Fair value through other comprehensive income	Fair value through other comprehensive income
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Investments	**2,343**	2,343	**-**	24
Trade and other receivables	**30**	43	**-**	-
Restricted cash	**-**	-	**-**	-
Cash and cash equivalents	**121**	249	**-**	-
Total financial assets	**2,494**	**2,635**	**-**	24

Financial liabilities - Group

	Amortised cost	Amortised cost	**Fair value through other comprehensive income**	Fair value through other comprehensive income
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Trade and other payables	**(771)**	(1,556)	**-**	-
Lease liabilities	**(22)**	(17)	**-**	-
Loans	**-**	(44)	**-**	-
Total financial liabilities	**(793)**	(1,617)	**-**	-

Financial liabilities - Company

	Amortised cost	Amortised cost	**Fair value through other comprehensive income**	Fair value through other comprehensive income
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Trade and other payables	**(242)**	(538)	**-**	-
Lease liabilities	**(20)**	(11)	**-**	-
Loans	**-**	(40)	**-**	-
Total financial liabilities	**(262)**	(589)	**-**	-

Credit risk
The Group is exposed to credit risk as all crude oil production is effectively sold to one multinational oil company. The customer is invoiced monthly for the oil delivered to the refinery in the previous month and invoices are generally settled in full within the same month that invoices are issued. At 31 July 2023 trade receivables were £556,000 (2022: £1,476,000). The fair value of trade receivables and payables approximates to their carrying value because of their short maturity. Any surplus cash is held on short-term deposit with Royal Bank of Scotland. The maximum credit exposure in the year was £1,574,000 comprising mainly of two months of Wressle sales as at the end of February 2023 (2022 maximum exposure: £1,433,000). The Company exposure to third party credit risk is negligible. The intercompany balances with its subsidiaries have been appropriately provided for to account for potential impairments.

Liquidity risk
The Company currently has no overdraft or overdraft facility with its bankers.

The Group and Company monitor their levels of working capital to ensure they can meet liabilities as they fall due. The following table shows the contractual maturities (representing the undiscounted cash flows) of the Group's and Company's financial liabilities.

	Group Trade and other payables		**Company Trade and other payables**	
At 31 July	**2023**	2022	**2023**	2022
	£000	£000	**£000**	£000
6 months or less	**781**	1,573	**250**	546
Total	**781**	1,573	**250**	546

	Group Loans		**Company Loans**	
At 31 July	**2023**	2022	**2023**	2022
	£000	£000	**£000**	£000
6 to 12 months	**-**	40	**-**	40
1 to 2 years	**-**	-	**-**	-
2 to 5 years	**-**	-	**-**	-
Over 5 years	**-**	-	**-**	-
Total	**-**	40	**-**	40

Cash and cash equivalents in both Group and Company are all available at short notice.

Trade and other payables do not normally incur interest charges. There is no difference between the fair value of the trade and other payables and their carrying amounts.

Interest rate risk
The Group has no interest-bearing liabilities (note 18) and immaterial leases (note 19). All loans and leases are at fixed rates of interest and the Group and Company is not exposed to changes in interest rates.

Commodity price risk
The selling price of the Group's production of crude oil is set at a small discount to Brent prices. The table below shows the range of prices achieved in the year and the sensitivity of the Group's loss before taxation ('LBT') or profit before tax ('PBT') to such movements in oil price. There would be a corresponding increase or decrease to net assets. There is no commodity price risk in the Company.

Oil price	Month	**2023 Price US$/bbl**	**2023 PBT £000**	2022 Price US$/bbl	2022 PBT £000
Highest	August 2022	**$98.70**	**1,227**	$122.40	1,723
Average		**$83.30**	**(2)**	$93.90	(208)
Lowest	June 2023	**$73.40**	**(791)**	$69.50	(1,864)

Foreign exchange risk
The Group's production of crude oil is invoiced in US$. Revenue is translated into Sterling using a monthly exchange rate set by reference to the market rate. The table below shows the range of average monthly US$ exchange rates used in the year and the sensitivity of the Group's PBT / LBT to similar movements in US$ exchange. There would be a corresponding increase or decrease in net assets.

US Dollar	Month	**2023 Rate US$/£**	**2023 PBT £000**	2022 Rate US$/£	2022 PBT £000
Highest	July 2023	**1.286**	**(410)**	1.376	(373)
Average		**1.212**	**(30)**	1.313	(76)
Lowest	September 2022	**1.117**	**535**	1.216	443

The table below shows the Group's currency exposures. Exposures comprise the net financial assets and liabilities of the Group that are not denominated in the functional currency.

		Group		**Company**	
Currency	**Item**	**2023 £000**	2022 £000	**2023 £000**	2022 £000
Euro	Cash and cash equivalents	**18**	92	**-**	3
	Trade and other payables	**(9)**	(13)	**(9)**	(13)
US Dollar	Cash and cash equivalents	**5,102**	1,322	**75**	3
	Trade and other receivables	**556**	1,435	**-**	-
	Trade and other payables	**(47)**	(5)	**(47)**	(5)
Total		**5,620**	**2,831**	**(19)**	(12)

Capital risk management
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital. The Group defines capital as being the consolidated shareholder equity (note 22) and third party borrowings (£Nil at 31 July 2023). The Board monitors the level of capital as compared to the Group's long-term debt commitments and adjusts the ratio of debt to capital as is determined to be necessary, by issuing new shares, reducing or increasing debt, paying dividends and returning capital to shareholders.

Intercompany loans
The loans to the subsidiaries are not classified as repayable on demand. IFRS 9 requires consideration of the expected credit risk associated with the loan. As the subsidiary company does not have any liquid assets to sell to repay the loan, should it be recalled, the conclusion reached was that the loan should be categorised as stage 3.

As part of the assessment of expected credit losses of the intercompany loan receivable, the directors have considered the published chance of success for Inishkea, and applying the 33% general wildcat exploration success rate, the loans to Europa Oil & Gas Inishkea have thus been deemed 67% provided. As a consequence of the

Inezgane licence expiring and not being extended, the loans to Europa Oil & Gas New Ventures have been provided for in full (2022: provided 67%).

The loan to Europa Oil & Gas (Ireland West) and Europa Oil & Gas (Ireland East) have been provided in full due to the relinquishment of the licence held by the subsidiaries.

During the year to 31 July 2023 there has been a marked increase in the expected recoverable value of the Group's Crosby Warren producing asset, mainly as a result of an anticipated new revenue stream from handling water produced by the Wressle producing field. This led to a further partial reversal of previous provisions for impairment that had been made in relation to loans to Europa Oil Gas Ltd.

The movement in the provision was as follows:

	Europa Oil & Gas Limited £000	Europa Oil & Gas (Ireland West) Limited £000	Europa Oil & Gas (Ireland East) Limited £000	Europa Oil & Gas (Inishkea) Limited £000	Europa Oil & Gas (New Ventures) Limited £000	**Total** £000
Gross loan balances						
Loan balance at 31 July 2021	20,178	763	1,480	1,024	762	24,207
Movement in loan	6,357	18	15	144	428	6,962
Loan balance at 31 July 2022	26,535	781	1,495	1,168	1,190	31,169
Movement in loan	1,027	(76)	(153)	223	(145)	876
Loan balance at 31 July 2023	**27,562**	**705**	**1,342**	**1,391**	**1,045**	**32,045**
Provisions						
Provision at 31 July 2021	(20,178)	(763)	(1,480)	(687)	(511)	(23,619)
Movement in provision	6,135	(18)	(15)	(96)	(286)	5,720
Provision at 31 July 2022	(14,043)	(781)	(1,495)	(783)	(797)	(17,899)
Movement in provision	8,165	76	153	(149)	(248)	7,947
Provision at 31 July 2023	**(5,878)**	**(705)**	**(1,342)**	**(932)**	**(1,045)**	**(9,952)**
Net loan balance at 1 August 2021	-	-	-	337	251	588
Net loan balance at 31 July 2022	12,492	-	-	385	393	13,270
Net loan balance at 31 July 2023	**21,684**	**-**	**-**	**459**	**-**	**22,143**

25 Capital commitments and guarantees

As part of the licence extension for FEL 4/19 there is an outstanding commitment totalling €0.1 million that relates primarily to seismic reprocessing.

For PEDL181 the partners have agreed to drill two development wells and to construct a gas export line. These activities are contingent upon the budget being approved by the JV partnership, the timing of environmental permitting and the availability of a suitable rig. The total net cost to Europa for the work programme is estimated to be £0.5 million in 2023 and £3.7 million in 2024.

26 Lease commitments

Europa Oil & Gas Limited pays annual site rentals for the land upon which the West Firsby and Crosby Warren oil field facilities are located.

Future minimum lease payments are as follows:

	2023	2022
	£000	£000
Less than 1 year	**-**	9
2-5 years	**-**	-
Total	**-**	9

27 Related party transactions

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the Group. In the opinion of the Board, the Group's and the Company's key management are the directors of Europa Oil & Gas (Holdings) plc. Information regarding their compensation is given in note 4.

During the year, the Company provided services to subsidiary companies as follows:

	2023	2022
	£000	£000
Europa Oil & Gas Limited	**336**	236
Europa Oil & Gas (Inishkea) Limited	**102**	42
Europa Oil & Gas (New Ventures) Limited	**26**	19
Total	**464**	297

At the end of the year, after provisions, the Company was owed the following amounts by subsidiaries:

	2023	2022
	£000	£000
Europa Oil & Gas Limited	**21,684**	12,492
Europa Oil & Gas (Inishkea) Limited	**459**	385
Europa Oil & Gas (New Ventures) Limited	**-**	393
Total	**22,143**	13,270

28 Post reporting date events

- Operations to install a jet pump for artificial lift on the Wressle-1 well are underway. The original completion was removed from the well and a new completion, including the sub-surface pump, has been successfully run in the well as of early October 2023. All that remains is for the required surface pump and associated flowlines and electrics to be installed, which is expected to be completed before the end of October 2023.

- PEDL 181 was relinquished during September 2023. The asset was not deemed to be adequately attractive. It had zero carrying value on the balance sheet.

- Applied to DECC to extend licence FEL 4/19 from 31 January 2024 to undertake further reprocessing and secure a farm-in partners.