

ENI UHL LIMITED
ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019

REGISTERED OFFICE
Eni House
10 Ebury Bridge Road
London SW1W 8PZ

Registered Number: 00916179

ENI UHL LIMITED

DIRECTORS AND REGISTERED OFFICE

BOARD OF DIRECTORS

M Giusto
G L Ferrara
A Tonna

SECRETARY AND REGISTERED OFFICE

M Trezza
Eni House
10 Ebury Bridge Road
London SW1W 8PZ

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
The Capitol
431 Union Street
Aberdeen
AB11 6DA

REGISTERED IN ENGLAND NO. 00916179

The directors present their strategic report for the year ended 31 December 2019.

Principal activities

The company has continued its principal activity as a holding company. The company is a private company.

Results and dividends

The company's results are set out in on page 8. The company's profit after tax for the year was \$20,000 (2018: loss \$4,105,000). No dividend was paid during the year (2018: \$27,000,000 representing \$27,000,000 per share) to the sole shareholder, Eni ULT Limited.

Business review and future developments

The company continues to carry on the business of managing its investments and financing developments by its subsidiary and associate companies.

The directors expect the company and its subsidiary and associate companies to achieve positive results from future operations and activities.

Principal risks and uncertainties

The company aims to mitigate risks and manage and control risk exposure where possible. The principal risks and uncertainties to the company are:

Financial risk management

Liquidity risk: The risk that suitable sources of funding for the company's business activities may not be available. The company has access to a wide range of funding at competitive rates through the capital markets and banks, and also has support from the ultimate parent company, Eni S.p.A. if required. The company believes it has access to sufficient funding to meet currently foreseeable borrowing requirements.

Interest rate risk: Variations in interest rates affect the market value of financial assets and liabilities of the company. As with exchange rate risk, the company works in conjunction with the specialised finance companies of the Eni Group to mitigate interest rate risk at a group level.

Foreign exchange rate risk: The company is exposed to foreign exchange fluctuations relating to non-USD (mainly GBP) expenditures and receipts. Effective management of exchange rate risk is performed at the Eni Group level, within the central finance department which matches opposite positions of the group operating subsidiaries and hedges net positions using derivatives (such as currency swaps, forwards and options).

Business risk management

Operational risk: The company's subsidiaries and associates' activities present industrial and environmental risks and are therefore subject to extensive government regulations concerning environmental protection and industrial security. The broad scope of these activities involves a wide range of operational risks such as those of explosion, fire or leakage of toxic products, and production of non-biodegradable waste. Since exploration and production activities may take place on sites that are ecologically sensitive, each site requires a specific approach to minimise the impact on the related ecosystem, biodiversity and human health.

Impact on the United Kingdom's exit from the European Union

Having formally left the European Union on 31 January 2020, the UK is now in a transition period scheduled to last until 31 December 2020, pending further negotiations with the EU over the future trading relationship and security co-operation. During the transition period, EU law will (for the most part) continue to apply in the UK as before. Eni has set up a task force to monitor developments and consider further how best to minimise the impact of Brexit on its business going forward, as further information becomes available.

Impact of coronavirus (COVID-19)

The emergence and spread of the virus Covid-19 in early 2020 has affected business and economic activities in China and elsewhere. The subsequent rapid spread to a growing number of countries around the world triggered a profound correction in the prices of oil and other energy commodities due to the sudden drop in consumption because of increasingly stringent measures adopted by governments to contain the pandemic with serious repercussions on production.

The short-term trend in oil and gas prices will depend predominantly on the timing of containment of the spread of the pandemic and the ways in which the crisis will be managed. In the worst-case scenario, the pandemic could cause a global recession with significant negative consequences on hydrocarbon demand and commodity prices. This development would have significant effects on the Company's results, cash flow, liquidity and business prospects, including the returns for the shareholder.

Eni group and the Company maintained a high degree of financial flexibility in order to deal unforeseen events and significant reductions of the scenarios capable to mitigate the impact of a price downturn, even of considerable proportions. Eni continue to assess the potential impact of coronavirus on our staff and operations and have implemented appropriate mitigation plans.

Key performance indicators

Key performance indicators are established each year in a business plan which covers a number of strategic, operational, HSE and finance objectives for the operations of the Eni Group. The business plan is approved at Eni Group level, and key performance indicators of the Eni Group are disclosed in the Eni S.p.A. Group annual report, which is publicly available. The company's performance is dependent upon the performance of its subsidiary and associate companies and as such it does not have its own key performance indicators. Key performance indicators of all of its key subsidiary and associate companies are included in their respective financial statements, wherever required under the Companies Act 2006.

On Behalf of the Board

M Giusto
Director
1 May 2020


Manfredi Giusto (May 1, 2020)

DIRECTORS' REPORT (continued)

The directors present their report and the audited financial statements of the company for the year ended 31 December 2019.

Directors

The present directors of the company are listed on page 1 and have held office throughout the year with the following exceptions:

- M Giusto was appointed as a director on 18 November 2019.
- F Rinaldi resigned as a director on 18 November 2019.

Certain directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Future developments

Future developments of the company and its activities are discussed in the strategic report on page 2 and 3.

Post balance sheet events

The emergence and spread of the virus Covid-19 in early 2020 has affected business and economic activities in China and around the world, including UK. The subsequent rapid spread to a growing number of countries around the world triggered a profound correction in the prices of oil and other energy commodities due to the sudden drop in consumption because of increasingly stringent measures adopted by governments to contain the epidemic with serious repercussions on production. In early April, the members of the OPEC + cartel reached an agreement on production cuts required by some of them to react to the effects of Covid-19, however, oil and gas prices continue to be under significant pressure of over-supply and other factors.

The short-term trend in oil and gas prices will depend predominantly on the timing of containment of the spread of the pandemic and as well as the ways in which the crisis will be managed. In a possible worst-case scenario, the pandemic could cause a global recession with significant negative consequences on hydrocarbon demand and commodity prices. This development would have significant effects on the company's results, cash flow, liquidity and business prospects, including the returns for the shareholder. However, Eni group and the company maintain a high degree of financial flexibility in order to deal with unforeseen events and significant reductions in oil and gas prices and demand, which the directors consider to be sufficient to mitigate the impact of such a worst-case scenario.

Eni group and the company are continually monitoring developments in the Oil & Gas sector related to Covid-19 and market conditions.

Going concern

The directors are satisfied that the company has adequate financial resources, including access to Eni group financial resources, to continue to operate for the foreseeable future and meet its obligations as they fall due.

The company's forecasts and projections demonstrate that its assets are expected to generate free cash flow over the 12 months from the date of this report. If there is a sustained lower oil price, that is not offset by operating cost or capital expenditure savings, the cash flow or liquidity shortages will be balanced by the company's participation in the group cash pooling arrangements and the availability of funds and lines of credit to Eni Spa.

As a consequence, the directors have a reasonable expectation that the company is well placed to manage its business risks and generate sufficient funds to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS' REPORT (continued)

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Provision of information to auditor

The directors, as at the date of this report, have confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

Due to the Eni Group policy of rotating auditors every nine years, Ernst & Young LLP were not re-appointed by the Company. Following a formal tender process by the Eni Group, PricewaterhouseCoopers Italy were selected as their replacement in Italy and as group auditors. PricewaterhouseCoopers LLP indicated their willingness to act as auditors of the Company for the year ended 31 December 2019 and their appointment was approved at a directors' meeting and general meeting. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

By order of the board

M Trezza
Secretary
1 May 2020


Mila Trezza (May 1, 2020)

Independent auditors' report to the members of Eni UHL Limited

Report on the audit of the financial statements

Opinion

In our opinion, Eni UHL Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the statement of comprehensive income, the statement of changes in shareholders' equity for the year then ended; the statement of accounting policies; and the notes to the financial statements.

Basis for opinion

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

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

Independent auditors' report to the members of Eni UHL Limited

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the Directors' Report and the financial statements set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Kevin Reynard (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
1 May 2020

ENI UHL LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 \$'000	2018 \$'000
Dividend income	3	-	16,422
Administrative expenses	4	(1)	(5)
Impairment of investments	8	-	(20,862)
Operating loss		(1)	(4,445)
Interest receivable and similar income	5	23	341
Interest payable and similar charges	6	(2)	(1)
Profit/(loss) before taxation		20	(4,105)
Tax on profit/(loss)	7	-	-
Profit/(loss) for the financial year		20	(4,105)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income/(loss) for the year		20	(4,105)

All results are from continuing operations and total comprehensive income/(loss) is attributable to the equity holders.

ENI UHL LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	<i>Share Capital \$'000</i>	<i>Retained Earnings \$'000</i>	<i>Total Equity \$'000</i>
Balance at 1 January 2018	-	55,028	55,028
Total comprehensive loss for the year	-	(4,105)	(4,105)
Transaction with owners in their capacity as owners:			
Dividend paid	-	(27,000)	(27,000)
Balance at 31 December 2018	-	23,923	23,923
Total comprehensive income for the year	-	20	20
Balance at 31 December 2019	-	23,943	23,943

**BALANCE SHEET
AS AT 31 DECEMBER 2019**

	Notes	2019 \$'000	2018 \$'000
Assets			
Current assets			
Trade and other receivables		1	1
Cash and cash equivalents	9	1,038	1,019
Non-current assets			
Investments in subsidiaries	8	22,909	22,909
Total assets		23,948	23,929
Liabilities			
Current liabilities			
Trade and other payables	10	5	6
Total liabilities		5	6
Shareholders' equity			
Share capital	11	-	-
Retained earnings		23,943	23,923
Total shareholders' equity		23,943	23,923
Total shareholders' equity and liabilities		23,948	23,929

The financial statements from page 8 to 19 were approved by the Board on 3 March 2020 and were signed by an authorised director on behalf of the Board at a later date.

On behalf of the Board

G L Ferrara
Director
1 May 2020

gian luigi ferrara
gian luigi ferrara (May 1, 2020)

STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below:

General information

The company is a limited liability company, by shares, incorporated and domiciled in United Kingdom.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

The financial statements have been prepared on a going concern basis. See page 4 of the Directors' Report for further details.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to:

- (a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (b) the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement
- (c) the requirements of paragraphs 10(d), 10(f), 16,38A,38B,38C,38D,40A,40B,40C,40D,111 and 134-136 of IAS 1 Presentation of Financial Statements:
- (d) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- (e) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135c-135e of IAS 36, Impairment of Assets;
- (f) the requirements of IAS 7 Statement of Cash Flows;
- (g) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in relation to standards not yet effective;
- (h) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures; and
- (i) the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Where required, equivalent disclosures are given in the group financial statements of Eni S.p.A. The group financial statements of Eni S.p.A are available to the public and can be obtained as set out in note 1.

Adoption of new and revised standards

New and amended standards and interpretations

The company applied for the first time standards, amendments and interpretations to existing standards, issued by the International Accounting Standards Board (IASB) and endorsed by the EU, which are relevant to the company and are effective for the annual accounting years beginning on or after 1 January 2019. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Although these new standards and amendments applied for the first time in 2019, they did not have a material impact on the financial statements of the company.

Revenue recognition

Interest income is recognised on a time proportion basis. Dividend income is recognised when the right to receive payment is established.

Dividend distribution

Dividends are recognised at the date of the Shareholders' Meeting in which they are declared, or in the case of an interim dividend declared by the Board when it is paid.

Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

Foreign currencies

The company's functional and presentation currency is US Dollars. All financial information has been rounded to the nearest thousand (\$'000), unless otherwise indicated. Transactions denominated in a foreign currency are converted to US Dollars at rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated at the rates ruling at the balance sheet date. The resulting exchange gains or losses are recognized in profit or loss.

The US Dollar to Sterling exchange rate as of 31 December 2019 was 0.7579 (2018: 0.7812).

Investments

Investments in subsidiaries and associate companies are shown at cost less any provision for impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, the Company's current bank accounts and short-term deposits originally due, generally, within 90 days, readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

Cash deposited in some bank accounts held with Banque Eni SA (BESA)¹ may be subject to cash pooling arrangements with the ultimate parent company Eni SpA². The Company has the full availability of these bank accounts without any restrictions; neither BESA nor the ultimate parent company can block withdrawals. Cash pooling accounts are balanced on a daily basis and the true intent of these accounts is to ensure settlements of payments to vendors and/or cash collections from customers.

¹ BESA is a Belgian regulated bank subject to the banking regulatory requirements.

² Although Eni SpA is not a financial institution, it performs its financial activities within specific Board approved limits.

STATEMENT OF ACCOUNTING POLICIES

Cash and cash equivalents (continued)

Deposits held with Eni Finance International S.A. (EFI)³ are classified as cash equivalents considering that: (i) they are highly liquid, available on demand or in the short term and have terms that are similar to those which would be expected if the deposits had been made with an independent third party financial institution; (ii) EFI maintains sufficient cash and liquid resources, along with access to credit lines, to meet all inter-company obligations simultaneously. The Company has full availability of the deposits held with EFI (i.e. no restriction to modify maturity date); if the Company needs to anticipate or terminate earlier a deposit, there is no penalty on the change of period requested.

Consolidation

Consolidated financial statements have not been prepared for the company as it is a subsidiary of Eni S.p.A., a company incorporated in Italy, which will prepare consolidated financial statements as stated in Note 1.

The company has taken advantage of the exemption available under International Financial Reporting Standards to present separate financial statements in accordance with paragraph 10 IAS 27(R). In addition, under section 400 of the Companies Act 2006 the company is exempt from the general requirement to prepare consolidated financial statements. This can be applied as the immediate parent is established under the law of an EEA state (European Economic Area).

Financial instruments*Financial liabilities*

Other financial liabilities are classified in the balance sheet as Trade and other payables.

Use of accounting estimates, judgments and assumptions

The company's financial statements are prepared in accordance with FRS 101. This requires the use of estimates and assumptions that affect the assets, liabilities, revenues and expenses reported in the financial statements, as well as amounts included in the notes thereto, including discussion and disclosure of contingent liabilities. Estimates made are based on complex or subjective judgments, past experience and other assumptions deemed reasonable in consideration of the information available at the time. The accounting policies and areas that require the most significant judgments and estimates to be used in the preparation of the financial statements are in relation to the accounting for impairment of investments. Although the company uses its best estimates and judgments, actual results could differ from the estimates and assumptions used.

Impairment of non-financial assets

The company assesses its investments for possible impairment if there are events or changes in circumstances that indicate the carrying values of the assets are not recoverable. Such indicators include changes in the investments' business plans, changes in commodity prices leading to unprofitable performance and, for oil and gas properties, significant downward revisions of estimated proved reserve quantities.

Proved oil and gas reserves are the estimated quantities of crude oil, natural gas and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, that is, prices and costs as at the date that the estimate is made.

³ EFI is the company responsible for the centralised funding of some foreign Eni Group companies and for collecting their financial surpluses.

STATEMENT OF ACCOUNTING POLICIES

Use of accounting estimates, judgments and assumptions (continued)

Impairment of non-financial assets (continued)

- (i) Reservoirs are considered proved if reserves that can be economically produced are supported by either actual production or conclusive formation tests. The area of a reservoir considered proved includes: (a) that portion delineated by drilling and defined by gas-oil or oil-water contacts, if any, or both, and; (b) the immediately adjoining portions not yet drilled, but which can be reasonably judged as economically productive on the basis of available geological and engineering data. In the absence of information on fluid contacts, the lowest known structural occurrence of hydrocarbons controls the lower proved limit of the reservoir.
- (ii) Reserves that can be produced economically through the application of improved recovery techniques (such as fluid injection) are generally only included in the proved classification if successful testing by a pilot project, or the operation of an installed programme in the reservoir, provides support for the engineering analysis on which the project or programme was based.
- (iii) Estimates of proved reserves do not include the following: (a) crude oil, natural gas and natural gas liquids that may become available from known reservoirs but are classified separately as indicated additional reserves; (b) crude oil, natural gas and natural gas liquids, the recovery of which is subject to reasonable doubt because of uncertainty as to geology, reservoir characteristics, or economic factors; and (c) crude oil, natural gas and natural gas liquids that may be recovered from oil shales, coal and other such sources.

Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain matters such as future commodity prices, the effects of inflation and technology improvements on operating expenses, production profiles and the outlook for global or regional market supply and demand conditions for crude oil, natural gas, commodity chemicals and refined products, and the discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

NOTES TO THE FINANCIAL STATEMENTS

1 Parent undertakings

The company's immediate parent undertaking is Eni ULT Limited.

The company's ultimate parent undertaking, Eni S.p.A., a company incorporated in Italy with registered office at Piazzale Enrico Mattei, 1 00144 Rome, will produce consolidated financial statements for the year ended 31 December 2019, which will be available from its website (www.eni.com) or on request to Eni S.p.A., Via Emilia 1, 20097 San Donato Milanese, Italy.

The parent company of the largest and smallest group into which the company is consolidated is Eni S.p.A.

2 Directors' emoluments and employees

None of the directors received any emoluments in respect of their services to the company during the year (2018: \$nil), and the company had no employees (2018: none).

3 Dividend income

	2019 \$'000	2018 \$'000
Group undertaking	-	16,422

In 2019 the company received a dividend of \$nil (2018:\$16,422,000) from a group undertaking.

4 Administrative expenses

	2019 \$'000	2018 \$'000
Group undertaking	1	5

In 2019 and 2018, the audit fees of the company were borne by the intermediate parent company, Eni Investments Plc. For the purpose of disclosure, a fair allocation of the audit fee to the company would be \$1,308 (2018: \$2,065).

5 Interest receivable and similar income

	2019 \$'000	2018 \$'000
Bank interest		
Group undertaking	23	340
Foreign exchange gain	-	1
	23	341

6 Interest payable and similar charges

	2019 \$'000	2018 \$'000
Bank charges		
Group undertaking	2	1

NOTES TO THE FINANCIAL STATEMENTS

7 Tax on profit/(loss)

	2019 \$'000	2018 \$'000
The charge for the year comprises:		
Current tax at 19% (2018 – 19%)		
-UK corporation tax on profit/(loss) for the year	-	-
Total current tax	-	-

Factors affecting tax charge for the year

The tax assessed for the year is lower (2018 - higher) than the standard rate of corporation tax in the UK of 19% (2018 – 19%). The differences are explained below:

	2019 \$'000	2018 \$'000
Profit/(loss) before tax	20	(4,105)
Taxation on profit/(loss) before tax at 19% (2018 – 19%)	4	(780)
Income not taxable	-	(3,120)
Expenditure not allowable for tax	-	3,964
Group relief claimed	(4)	(64)
Utilisation of unrecognised tax losses carried forward	-	-
Total taxes	-	-

Deferred tax

The deferred tax asset calculated at the rate of 17% (2018 - 17%) which was not recognised in the financial statements amounted to:

	2019 Unprovided amount \$'000	2018 Unprovided amount \$'000
Unrecognised tax losses carried forward	104	133
	104	133

The directors consider that it is unlikely that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted; therefore the deferred tax asset has not been recognised.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements. In November 2019, the Prime Minister announced that he intended to cancel the future reduction in corporate tax rate from 19% to 17%. This announcement does not constitute substantive enactment and therefore deferred taxes at the balance sheet date continue to be measured at the enacted tax rate of 17%. However, it is possible that the corporation tax rate remains at 19% after 1 April 2020.

NOTES TO THE FINANCIAL STATEMENTS

8 Investments in subsidiaries

Cost	2019 \$'000	2018 \$'000
At 1 January and 31 December	734,116	734,116
Impairment		
At 1 January	(711,207)	(690,345)
Impairment for the year	-	(20,862)
At 31 December	(711,207)	(711,207)
Net book value at 31 December	22,909	22,909

There is no impairment in relation to its investment following the annual impairment review (2018: \$20,862,000). The impairment of Eni America Limited arises due to the distribution of dividends in the year from the subsidiaries. The annual impairment review calculates the carrying value of its investments to their recoverable amounts based on the fair value of subsidiaries held, calculated using their net assets and net present value of the underlying operating assets held by the subsidiaries.

Principal holdings of ordinary shares in subsidiary and associate companies whose businesses materially affect the company's results or assets are listed below:

Name of Company	Registered address and Country of Incorporation (a)*	Class of Share/Stock	Principal Activity	Percentage of class held
Direct holding				
Eni America Limited	USA (b)	Common Stock of US\$3	Oil and gas company	100%
Indirect holdings				
Eni Oil & Gas Inc	USA (b)	Common Stock of US\$100	Oil and gas company	100%

All companies are wholly owned directly or indirectly (all ordinary or common shares held by the company).

(a) *The country of incorporation is also the principal country of operation.

(b) Capitol Corporate Services, Inc., 1675 South State St., Suite B, Dover, Delaware 19901.

The other investments in which the company has a significant interest of 20% or more are set out in note 12.

NOTES TO THE FINANCIAL STATEMENTS

9 Cash and cash equivalents

	2019 \$'000	2018 \$'000
Cash at bank and in hand		
Group undertaking	1,038	1,019

10 Trade and other payables

	2019 \$'000	2018 \$'000
Other payables		
Group undertaking	5	6

11 Share capital

	2019 \$	2018 \$
Allotted, called up and fully paid 1 ordinary share of £1 each	1	1

Under the Companies Act 2006, there is no requirement for the company to have an authorised share capital and the company's Article of Association do not set a maximum amount of shares that the company may allot.

12 Other investments

The following list of subsidiaries and associate companies include the direct and indirect investments above 20% shareholding held by the company, results of which are not material to its activities:

Name of company	Country of incorporation	Ownership	Registered address
(Subsidiaries under Eni Oil & Gas Inc)			
Eni USA Inc	USA	100%	A
Liberty National Development Co.LLC	USA	32.5%	B

A Capitol Corporate Services, Inc., 1675 South State St., Suite B, Dover, Delaware 19901

B 1209 Orange Street, Wilmington USA

13 Post balance sheet events

The emergence and spread of the virus Covid-19 in early 2020 has affected business and economic activities in China and around the world, including UK. The subsequent rapid spread to a growing number of countries around the world triggered a profound correction in the prices of oil and other energy commodities due to the sudden drop in consumption because of increasingly stringent measures adopted by governments to contain the epidemic with serious repercussions on production. In early April, the members of the OPEC + cartel reached an agreement on production cuts required by some of them to react to the effects of Covid-19, however, oil and gas prices continue to be under significant pressure of over-supply and other factors.

The short-term trend in oil and gas prices will depend predominantly on the timing of containment of the spread of the pandemic and as well as the ways in which the crisis will be managed. In a possible worst-case scenario, the pandemic could cause a global recession with significant negative consequences on hydrocarbon demand and commodity prices. This development would have significant effects on the company's results, cash flow, liquidity and business prospects, including the returns for the shareholder. However, Eni group and the company maintain a high degree of financial flexibility in order to deal with unforeseen events and significant reductions in oil and gas prices and demand, which the directors consider to be sufficient to mitigate the impact of such a worst-case scenario.

Eni group, and the company, are continually monitoring developments in the Oil & Gas sector related to Covid-19 and market and market conditions.