Opinion on Financial Statements of Tullow Oil plc

In our opinion:

- the Financial Statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2014 and of the Group's loss for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union;
- the parent company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

The Financial Statements comprise the Group Income Statement, the Group Statement of Comprehensive Income and Expense, the Group and Company Balance Sheets, the Group Statement of Changes in Equity, the Group Cash Flow Statement, the Group Accounting Policies with related notes 1 to 32 and the Company Accounting Policies with related notes 1 to 11. The financial reporting framework that has been applied in the preparation of the Group Financial Statements is applicable law and IFRS as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company Financial Statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Going concern

As required by the Listing Rules we have reviewed the Directors' statement on page 78 that the Group is a going concern. We confirm that

- we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate; and
- we have not identified any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

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

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

Risks	How the scope of our audit responded to the risk
Carrying Value of Exploration and Evaluation ("E&E") assets The carrying value of E&E assets at 31 December 2014 is $3,660.8 million and the Group has written off E&E assets totalling $1,662.4 million in the year. See note 12 for further details. The assessment of the carrying value requires management to exercise judgement around complex areas, as described in the Group's critical accounting judgements on page 126. These areas of judgement include the Group's intention to proceed with a future work programme for a prospect or licence, the likelihood of licence renewal or extension and the success of drilling and geological analysis.	We evaluated management's assessment of E&E assets carried forward with reference to the criteria of IFRS 6 and the Group's successful efforts accounting policy (see page 124). In 2014, the Group has reconsidered their exploration strategy and locations for future exploration focus in the context of a lower oil price environment. Our evaluation has paid particular attention to these circumstances. Our procedures included understanding the Group's ongoing E&E activity, for which we participated in meetings with operational and finance staff at all key locations. We also gathered evidence including confirmations of budget allocation, on-going appraisal activity and the licence phase to assess the value of E&E assets carried forward. Where an asset has been impaired we have challenged management on the events that led to the impairment, including reference to future budgeted expenditure. Where an asset has demonstrated indicators of impairment but has been retained on the balance sheet, we have gathered evidence in respect of the continuance or otherwise of appraisal activity, allocation of budget and any conclusion on commerciality.

Carrying value of PP&E assets

The Group has recognised PP&E assets of $4,887.0 million at 31 December 2014 and has recorded impairments against PP&E of $595.9 million in 2014. See note 13 for further details.

As described in the Group's key sources of estimation uncertainty on page 127, the assessment of the carrying value of PP&E assets requires management to exercise judgement in identifying indicators of impairment, such as a decrease in oil price or a downgrade of proved and probable reserves. When such indicators are identified, management must exercise further judgement in making an estimate of the recoverable amount of the asset against which to compare the carrying value.

We examined management's assessment of impairment indicators, which identified the recent fall in oil prices and an increase in decommissioning cost estimates as indicators of impairment for all producing assets.

Our audit work assessed the reasonableness of management's estimations of the recoverable amount of each asset. Specifically our work included, but was not limited to, the following procedures:

- benchmarking and analysis of oil and gas price assumptions against forward curves, peer information and other market data;
- verification of estimated future costs by agreement to approved budgets;
- agreement of hydrocarbon production profiles and proved and probable reserves to third party reserve reports; and
- recalculation and benchmarking of discount rates applied with involvement of Deloitte valuation specialists.

Recoverability of contingent consideration

Management have fully impaired the receivable for contingent consideration arising from the 2012 farm down of interests in Uganda, resulting in the recognition of a loss on disposal of $370.1 million in 2014 (note 10).

The Group's key sources of estimation uncertainty on page 128 explain that the quantum of contingent consideration receivable is dependent upon the date at which certain project approvals will be obtained.

There is significant uncertainty regarding which events will qualify as project approvals under the terms of the sale agreement and when such events will occur. Management is required to exercise significant judgement in estimating these items as they have a material impact on the Financial Statements.

In responding to this risk our key audit procedures included:

- review of the relevant sales agreements and correspondence between the Group and the purchasers in 2014 to evaluate the reasonableness of management's judgement regarding the trigger for receipt of the contingent consideration;
- challenge of management's estimate of project approval dates through review of JV partner approved operational reports, minutes and budgets relating to the relevant projects; and
- performance of external research to challenge and corroborate management's judgements regarding the timing of the project.

Provision for tax claims including Uganda capital gains tax claim

The nature, rate and type of taxation which is applicable to hydrocarbon exploration and production activities varies widely by jurisdiction and the Group is therefore subject to various claims in the course of its business.

Significant judgement is required to estimate the appropriate level of provision for the tax claims against the Group as the validity and ultimate outcome of such claims can be uncertain.

At 31 December 2014, the Group has disclosed in their key sources of estimation uncertainty on page 127 that in Uganda they are subject to a claim for capital gains tax of $407 million against which $142 million was paid in 2012 as required by law in order to appeal. A contingent liability of $265.3 million has been disclosed in note 29 on page 150.

Our audit response to this risk was to evaluate the provisions and potential exposures together with tax specialists within the audit team from relevant jurisdictions. We also obtained correspondence with the relevant tax authorities and used our knowledge of the specific tax regimes to challenge the Group's assumptions and judgements regarding the level of provisions made.

Specifically for the Uganda capital gains tax claim, we obtained and reviewed the court judgements and correspondence and external legal opinion that were used by management in making their assessment of the ultimate outcome of the ongoing legal process. We also considered the appropriateness of the accounting treatment described in the Group's key sources of estimation uncertainty note on page 127 and the calculation of the contingent liability disclosed.

Finally, we have evaluated the presentation and disclosure of the above transactions within the Group Financial Statements.

Decommissioning provisions The Group has recognised decommissioning provisions of $1,192.9 million at 31 December 2014 which are disclosed in note 24. The recognition and measurement of decommissioning provisions involves estimation of the quantum of expenditure on items such as drilling rigs, offshore support vessels and experienced personnel in combination with estimates and assumptions on the timing, legal requirements, technical approach and scope, all of which are uncertain and require significant judgement to be exercised. The nature of decommissioning activity is such that these estimates have a material impact on the Financial Statements and the Group has noted decommissioning costs as a key source of estimation uncertainty on page 127.	Our audit approach to this risk was to perform the following procedures: • we obtained and reviewed evidence relating to the cost estimates used by management, which principally comprised a third party engineering report; • we assessed the competence and independence of management's internal and external experts and discussed the key assumptions directly with them both; • we performed procedures to verify the appropriateness of the source data used in the estimates, for example the number of wells to be decommissioned at each field; • we challenged the reasonableness of the key cost elements such as rig rates by benchmarking them to external data; • we confirmed that the estimated dates of decommissioning were consistent with the latest estimates of field lives; • we confirmed the reasonableness of the discount rate applied to the calculations including benchmarking it against available market data; and • we verified the mathematical accuracy of management's calculations.

The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on page 81.

Our audit procedures relating to these matters were designed in the context of our audit of the Financial Statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the Financial Statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality	We define materiality as the magnitude of misstatement in the Financial Statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work. We determined materiality for the Group to be $80 million (2013: $100 million), which is below 2% of equity and is below 5% of pre-tax loss (2013: below 2% equity and below 8.5% pre-tax profit). The decrease in materiality in 2014 reflects the decrease in the Group's revenues and profits as a consequence of the volatility in the oil price environment and the decrease in the Group's net assets following the impairments recorded in the year. We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of $1.6 million (2013: $2 million), as well as differences below that threshold which, in our view, warranted reporting on qualitative grounds.
An overview of the scope of our audit	Our Group audit scope for the current and prior year included a full audit of all eight reporting unit locations, based on our assessment of the risks of material misstatement and of the materiality of the Group's business operations at those locations. These eight reporting units account for 100% of the Group's total revenue, profit before tax and net assets. The materialities used for these components ranged from $20 million to $35 million. The Group team audits the UK, Kenya and Uganda reporting units directly. Their involvement in the work performed by component auditors varies by location and includes, at a minimum, a review of the reporting deliverables provided by the component audit teams. In addition, the Senior Statutory Auditor or senior members of his Group audit team, visited the following reporting locations in the year: Gabon, Ghana, Kenya, South Africa, Norway and the UK, to review the audit work performed by the component auditors.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

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 parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company Financial Statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters.

Corporate Governance Statement

Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the Company's compliance with 10 provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited Financial Statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of Directors and auditor	As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews. This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.
Scope of the audit of the Financial Statements	An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Carl D Hughes MA FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

10 February 2015

Deloitte LLP
Chartered Accountants
2 New Street Square
London
EC4A 3BZ

STRATEGIC REPORT
DIRECTORS' REPORT
CORPORATE GOVERNANCE
FINANCIAL STATEMENTS

GROUP INCOME STATEMENT
YEAR ENDED 31 DECEMBER 2014

	Notes	2014 $m	2013* $m
Continuing activities			
Sales revenue	2	**2,212.9**	2,646.9
Cost of sales	4	**(1,116.7)**	(1,153.8)
Gross profit		**1,096.2**	1,493.1
Administrative expenses	4	**(192.4)**	(218.5)
(Loss)/profit on disposal	10	**(482.4)**	29.5
Goodwill impairment	11	**(132.8)**	–
Exploration costs written off	12	**(1,657.3)**	(870.6)
Impairment of property, plant and equipment	13	**(595.9)**	(52.7)
Operating (loss)/profit	4	**(1,964.6)**	380.8
Gain/(loss) on hedging instruments	22	**50.8**	(19.7)
Finance revenue	2	**9.6**	43.7
Finance costs	5	**(143.2)**	(91.6)
(Loss)/profit from continuing activities before tax		**(2,047.4)**	313.2
Income tax credit/(expense)	6	**407.5**	(97.1)
(Loss)/profit for the year from continuing activities		**(1,639.9)**	216.1
Attributable to:			
Owners of the Company		**(1,555.7)**	169.0
Non-controlling interest	27	**(84.2)**	47.1
		(1,639.9)	216.1
Earnings per ordinary share from continuing activities	8	**¢**	¢
Basic		**(170.9)**	18.6
Diluted		**(168.5)**	18.5

* The 2013 figures have been re-presented to align disclosure of impairments of property, plant and equipment on the face of the income statement with 2014.

GROUP STATEMENT OF COMPREHENSIVE INCOME AND EXPENSE
YEAR ENDED 31 DECEMBER 2014

	Notes	2014 $m	2013 $m
(Loss)/profit for the year		**(1,639.9)**	216.1
Items that may be reclassified to the income statement in subsequent periods			
Cash flow hedges			
Gains arising in the year	22	**485.7**	3.4
Reclassification adjustments for items included in profit on realisation	22	**4.6**	5.3
		490.3	8.7
Exchange differences on translation of foreign operations		**(50.6)**	12.7
Other comprehensive income		**439.7**	21.4
Tax relating to components of other comprehensive income	22	**(91.0)**	0.1
Net other comprehensive income for the year		**348.7**	21.5
Total comprehensive (expense)/income for the year		**(1,291.2)**	237.6
Attributable to:			
Owners of the Company		**(1,207.0)**	190.5
Non-controlling interest		**(84.2)**	47.1
		(1,291.2)	237.6

GROUP BALANCE SHEET
AS AT 31 DECEMBER 2014

	Notes	2014 $m	2013 $m
ASSETS			
Non-current assets			
Goodwill	11	**217.7**	350.5
Intangible exploration and evaluation assets	12	**3,660.8**	4,148.3
Property, plant and equipment	13	**4,887.0**	4,862.9
Investments	14	**1.0**	1.0
Other non-current assets	15	**119.7**	68.7
Derivative financial instruments	22	**193.9**	6.8
Deferred tax assets	25	**255.0**	1.1
		9,335.1	9,439.3
Current assets			
Inventories	16	**139.5**	193.9
Trade receivables	17	**87.8**	308.7
Other current assets	15	**902.3**	944.4
Current tax assets	6	**221.6**	226.2
Derivative financial instruments	22	**280.8**	–
Cash and cash equivalents	18	**319.0**	352.9
Assets classified as held for sale	19	**135.6**	43.2
		2,086.6	2,069.3
Total assets		**11,421.7**	11,508.6
LIABILITIES			
Current liabilities			
Trade and other payables	20	**(1,074.9)**	(1,041.1)
Borrowings	21	**(131.5)**	(159.4)
Current tax liabilities		**(115.9)**	(165.5)
Derivative financial instruments	22	**(3.3)**	(48.1)
Liabilities directly associated with assets classified as held for sale	19	**(13.6)**	(18.2)
		(1,339.2)	(1,432.3)
Non-current liabilities			
Trade and other payables	20	**(85.1)**	(29.4)
Borrowings	21	**(3,209.1)**	(1,995.0)
Derivative financial instruments	22	**–**	(28.3)
Provisions	24	**(1,260.4)**	(989.2)
Deferred tax liabilities	25	**(1,507.6)**	(1,588.0)
		(6,062.2)	(4,629.9)
Total liabilities		**(7,401.4)**	(6,062.2)
Net assets		**4,020.3**	5,446.4
EQUITY			
Called-up share capital	26	**147.0**	146.9
Share premium	26	**606.4**	603.2
Foreign currency translation reserve		**(205.7)**	(155.1)
Hedge reserve	22	**401.6**	2.3
Other reserves		**740.9**	740.9
Retained earnings		**2,305.8**	3,984.7
Equity attributable to equity holders of the Company		**3,996.0**	5,322.9
Non-controlling interest	27	**24.3**	123.5
Total equity		**4,020.3**	5,446.4

Approved by the Board and authorised for issue on 10 February 2015.

Aidan Heavey
Chief Executive Officer

Ian Springett
Chief Financial Officer

GROUP STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2014

	Notes	Share capital $m	Share premium $m	Foreign currency translation reserve[1] $m	Hedge reserve[2] $m	Other reserves[3] $m	Retained earnings $m	Total $m	Non-controlling interest[4] $m	Total equity $m
At 1 January 2013		146.6	584.8	(167.8)	(6.5)	740.9	3,931.2	5,229.2	92.4	5,321.6
Profit for the year		–	–	–	–	–	169.0	169.0	47.1	216.1
Hedges, net of tax	22	–	–	–	8.8	–	–	8.8	–	8.8
Currency translation adjustments		–	–	12.7	–	–	–	12.7	–	12.7
Issue of employee share options	26	0.3	18.4	–	–	–	–	18.7	–	18.7
Vesting of PSP shares		–	–	–	–	–	(12.7)	(12.7)	–	(12.7)
Share-based payment charges	28	–	–	–	–	–	64.6	64.6	–	64.6
Dividends paid	7	–	–	–	–	–	(167.4)	(167.4)	–	(167.4)
Distribution to non-controlling interests	27	–	–	–	–	–	–	–	(16.0)	(16.0)
At 1 January 2014		**146.9**	**603.2**	**(155.1)**	**2.3**	**740.9**	**3,984.7**	**5,322.9**	**123.5**	**5,446.4**
Loss for the year		**–**	**–**	**–**	**–**	**–**	**(1,555.7)**	**(1,555.7)**	**(84.2)**	**(1,639.9)**
Hedges, net of tax	22	**–**	**–**	**–**	**399.3**	**–**	**–**	**399.3**	**–**	**399.3**
Currency translation adjustments		**–**	**–**	**(50.6)**	**–**	**–**	**–**	**(50.6)**	**–**	**(50.6)**
Issue of employee share options	26	**0.1**	**3.2**	**–**	**–**	**–**	**–**	**3.3**	**–**	**3.3**
Vesting of PSP shares		**–**	**–**	**–**	**–**	**–**	**(0.4)**	**(0.4)**	**–**	**(0.4)**
Share-based payment charges	28	**–**	**–**	**–**	**–**	**–**	**59.5**	**59.5**	**–**	**59.5**
Dividends paid	7	**–**	**–**	**–**	**–**	**–**	**(182.3)**	**(182.3)**	**–**	**(182.3)**
Distribution to non-controlling interests	27	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(15.0)**	**(15.0)**
At 31 December 2014		**147.0**	**606.4**	**(205.7)**	**401.6**	**740.9**	**2,305.8**	**3,996.0**	**24.3**	**4,020.3**

1. The foreign currency translation reserve represents exchange gains and losses arising on translation of foreign currency subsidiaries, monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and exchange gains or losses arising on long-term foreign currency borrowings which are a hedge against the Group's overseas investments. The movement during the year is primarily driven by the strengthening of USD against NOK and EUR.
2. The hedge reserve represents gains and losses on derivatives classified as effective cash flow hedges.
3. Other reserves include the merger reserve and the treasury shares reserve which represents the cost of shares in Tullow Oil plc purchased in the market and held by the Tullow Oil Employee Trust to satisfy awards held under the Group's share incentive plans (note 28).
4. Non-controlling interest is described further in note 27.

	Notes	2014 $m	2013 $m
Cash flows from operating activities			
(Loss)/profit before taxation		**(2,047.4)**	313.2
Adjustments for:			
Depletion, depreciation and amortisation	4	**621.8**	591.9
Loss/(profit) on disposal	10	**482.4**	(29.5)
Goodwill impairment	11	**132.8**	–
Exploration costs written off	12	**1,657.3**	870.6
Impairment of property, plant and equipment	13	**595.9**	52.7
Decommissioning expenditure	24	**(20.4)**	(6.7)
Share-based payment charge	28	**39.5**	41.3
(Gain)/loss on hedging instruments	22	**(50.8)**	19.7
Finance revenue	2	**(9.6)**	(43.7)
Finance costs	5	**143.2**	91.6
Operating cash flow before working capital movements		**1,544.7**	1,901.1
Decrease in trade and other receivables		**29.9**	75.8
Decrease/(increase) in inventories		**61.0**	(28.9)
(Decrease)/increase in trade payables		**(119.6)**	49.6
Cash generated from operating activities		**1,516.0**	1,997.6
Income taxes paid		**(34.2)**	(252.3)
Net cash from operating activities		**1,481.8**	1,745.3
Cash flows from investing activities			
Proceeds from disposals	10	**21.3**	80.3
Purchase of subsidiaries	9	**–**	(392.8)
Purchase of intangible exploration and evaluation assets		**(1,255.1)**	(1,268.5)
Purchase of property, plant and equipment		**(1,098.3)**	(740.8)
Finance revenue		**4.6**	34.3
Net cash used in investing activities		**(2,327.5)**	(2,287.5)
Cash flows from financing activities			
Net proceeds from issue of share capital		**3.3**	6.0
Debt arrangement fees		**(22.2)**	(13.5)
Repayment of bank loans		**(1,202.1)**	(1,236.5)
Drawdown of bank loans		**1,749.8**	1,447.7
Issue of senior loan notes	21	**650.0**	650.0
Repayment of obligations under finance leases		**(1.1)**	(3.3)
Finance costs		**(172.9)**	(103.5)
Dividends paid	7	**(182.3)**	(167.4)
Distribution to non-controlling interests	27	**(15.0)**	(16.0)
Net cash generated by financing activities		**807.5**	563.5
Net (decrease)/increase in cash and cash equivalents		**(38.2)**	21.3
Cash and cash equivalents at beginning of year	18	**352.9**	330.2
Cash transferred from held for sale		**16.2**	0.6
Foreign exchange (loss)/gain		**(11.9)**	0.8
Cash and cash equivalents at end of year	18	**319.0**	352.9

(a) General information

Tullow Oil plc is a company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 109.

(b) Adoption of new and revised standards

Standards not affecting the reported results or the financial position

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these Financial Statements but may impact the accounting for future transactions and arrangements.

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements (Revised)

IFRS 10 has revised the definition of control. Control exists when an investor has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use power over the investee to affect the amount of returns. IFRS 10 also provides a number of clarifications on applying this new definition of control. These include: an investor may have control when it has less than a majority of voting rights; exposure to risk and reward is an indicator of control but does not constitute control itself; and consolidation is required until control ceases even if control is temporary. The revised IAS 27 is limited to the accounting of investments in subsidiaries, joint ventures and associates in separate Financial Statements.

IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures (Revised)

IFRS 11 defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when the relevant activities require the unanimous consent of the parties sharing control. IFRS 11 also amends the accounting for joint arrangements by moving from three (under IAS 31) to two categories. The categories are a joint operation which is an arrangement whereby the parties have rights to the assets and obligations to the liabilities relating to that arrangement; and a joint venture which is an arrangement whereby the parties have rights to the net assets of the arrangement. For a joint operation the relative share of jointly controlled assets, liabilities, revenues and expenses are recognised whereas a joint venture is equity accounted. IAS 28 has been amended to include application of the equity method for investments in joint arrangements.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the requirements for disclosure relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The quantitative and qualitative disclosure requirements of IFRS 12 include: summarised financial information for each subsidiary that has non-controlling interests that are material to the reporting entity, significant judgements used by management in determining control, joint control and significant influence; summarised financial information for each individually material joint venture and associate; and the nature of the risks associated with an entity's interests in unconsolidated structured entities and changes to those risks.

IFRS 13 Fair Value Measurement (Amendment)

The amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial.

IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendment)

The amendment to IAS 32 clarifies that rights of set-off must be legally enforceable in the normal course of business but also enforceable in the event of default and bankruptcy or insolvency of all of the counter parties to the contract.

IAS 36 Recoverable Amount Disclosures for Non-Financial Assets (Amendment)

The amendment clarifies the disclosure requirements in respect of the fair value less costs of disposal.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting (Amendment)

The amendment provides an exception to the requirement to discontinue hedge accounting in certain circumstances in which there is a change in counterparty to a hedging instrument in order to achieve clearing for that instrument.

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

IFRS 9	Financial Instruments
IFRS 14	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers
IAS 16 & IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
IAS 19	Defined Benefit Plans: Employee Contributions (Amendment)
IAS 27	Equity Method in Separate Financial Statements (Amendment)

The adoption of IFRS 9 Financial Instruments which the Group plans to adopt for the year commencing 1 January 2018 will impact both the measurement and disclosures of financial instruments.

The Directors do not expect that the adoption of the other Standards listed above will have a material impact on the Financial Statements of the Group in future periods.

(c) Changes in accounting policy

Other than the changes to the Standards noted above, the Group's accounting policies are consistent with the prior year.

(d) Basis of accounting

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Financial Statements have also been prepared in accordance with IFRS as adopted by