HMRC - OT02200 - Disclosure Of Commercial Reserve Quantities

Disclosure of commercial reserve quantities is covered by the SORP (see OT02070). This states that:

Commercial reserves may, at a company’s option, be taken as either;

Proven and probable oil and gas reserves, or

Proved developed and undeveloped oil and gas reserves.

Both of the above are defined in some detail in Part 2 of the SORP: Definition of terms. For further details see the text of the SORP.

The treatment of commercial reserve quantities is set out in some detail in paragraphs 246 to 251 inclusive of the SORP see also Appendix 4.

Paragraph 246 states that net quantities of a company’s interest in commercial reserves of crude oil (including condensate and natural gas liquids) and natural gas should be reported as at the beginning and end of each accounting period in total and by geographical area. Disclosures are presented as a separate unaudited statement.

Paragraph 248 states that although the determination of the reserve quantities disclosed will be the responsibility of the directors, the source of the estimates should be disclosed together with a description of the basis used to arrive at net quantities.

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