

**Cirque Energy (UK) Limited**

Directors' report and financial  
statements

Registered number 3080778

31 December 1999



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## **Directors' report and financial statements**

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## **Company information**

<b>Company registration number</b>	3080778
<b>Registered office</b>	Green Acre Cottage Shoreditch Somerset TA3 7BL
<b>Directors</b>	GA Phillips S Bushell DA Connolly
<b>Secretary</b>	S Bushell
<b>Bankers</b>	National Westminster Bank plc 49 North Street Taunton Somerset TA1 1NB
<b>Auditors</b>	KPMG St Nicholas House Park Row Nottingham NG1 6FQ

## **Directors' report**

The directors present their report and audited financial statements for the year ended 31 December 1999.

### **Principal activities**

The principal activity of the company in the year under review was that of oil exploration.

### **Business review**

The result for the year and financial position of the company are shown in the attached financial statements.

### **Dividend**

The directors do not propose a dividend for the year (1998: *£nil*).

### **Directors and their interests**

The directors of the company during the year were:

GA Phillips  
S Bushell  
DA Connolly - appointed 1 October 1999

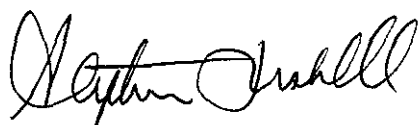
The directors holding office at 31 December 1999 did not hold any beneficial interest in the issued share capital of the company at 1 January 1999 or 31 December 1999.

Directors' interests in the ultimate parent company are disclosed in the consolidated financial statements of that company.

### **Auditors**

Messrs Grant Thornton resigned as auditors of the company and KPMG were appointed in their place. In accordance with section 384 of the Companies Act 1985, a resolution proposing the reappointment of KPMG as the company's auditors will be put to the Annual General Meeting.

By order of the board



**S Bushell**  
*Company Secretary*

29 October 2001

## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

St Nicholas House  
Park Row  
NOTTINGHAM  
NG1 6FQ

## **Report of the auditors to the members of Cirque Energy (UK) Limited**

We have audited the financial statements on pages 5 to 11.

### **Respective responsibilities of the directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

### **Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



29 October 2001

*Chartered Accountants  
Registered Auditors*

**Profit and loss account**

*for the year ended 31 December 1999*

	<i>Notes</i>	<b>Year to 31 December 1999</b>	<b>Nine months to 31 December 1998</b>
		<b>£</b>	<b>£</b>
<b>Turnover</b>	2	997,289	110,923
Cost of sales		(632,310)	(90,972)
<b>Gross profit</b>		<u>364,979</u>	<u>19,951</u>
Administrative expenses		(25,440)	(40,619)
<b>Operating profit/(loss)</b>		<u>339,539</u>	<u>(20,668)</u>
Interest receivable and similar income	3	1,010	3,187
<b>Profit/(loss) on ordinary activities before taxation</b>	4	<u>340,549</u>	<u>(17,481)</u>
Tax on profit/(loss) on ordinary activities	6	(68,318)	-
<b>Profit/(loss) on ordinary activities after taxation</b>	12	<u><u>272,231</u></u>	<u><u>(17,481)</u></u>

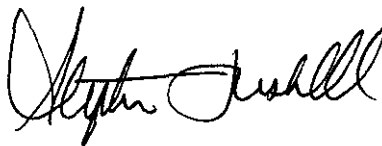
There were no recognised gains or losses in either the current year or preceding period other than those disclosed in the profit and loss account.

In both the current year and preceding period, the company made no material acquisitions and had no discontinued operations.

**Balance sheet**  
*as at 31 December 1999*

	<i>Notes</i>	<b>1999</b>		1998	
		£	£		£
<b>Fixed assets</b>					
Intangible assets	7		2,223,263		1,546,174
<b>Current assets</b>					
Debtors	8	678,997		144,051	
Cash at bank and in hand		179,304		62,223	
		<u>858,301</u>		<u>206,274</u>	
<b>Creditors: amounts falling due within one year</b>	9	<u>(2,860,280)</u>		<u>(1,871,713)</u>	
<b>Net current liabilities</b>			<b>(2,001,979)</b>		<b>(1,665,439)</b>
<b>Total assets less current liabilities</b>			<b>221,284</b>		<b>(119,265)</b>
<b>Provisions for liabilities and charges</b>	10		<b>(68,318)</b>		<b>-</b>
<b>Net assets/(liabilities)</b>			<b>152,966</b>		<b>(119,265)</b>
			<u>152,966</u>		<u>(119,265)</u>
<b>Capital and reserves</b>					
Called up share capital	11		2		2
Profit and loss account	12		152,964		(119,267)
<b>Equity shareholders' funds</b>	13		<b>152,966</b>		<b>(119,265)</b>
			<u>152,966</u>		<u>(119,265)</u>

The financial statements were approved by the board of directors on 29 October 2001 and were signed on its behalf by:



**S Bushell**  
*Director*



## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### ***Basis of preparation***

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with applicable accounting standards.

#### ***Cash flow statement***

Under Financial Reporting Standard Number 1, the company is exempt from preparing a cash flow statement as it is a wholly owned subsidiary of a company which publishes consolidated financial statements that include Cirque Energy (UK) Limited.

#### ***Turnover***

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding value added tax and trade discounts.

#### ***Oil exploration and development costs***

Oil exploration and development activities are accounted for in accordance with the full cost method. Expenditure is capitalised, to the extent that it relates directly to the cost of exploration and development.

Capitalised expenditure is classified as an intangible asset until it can be transferred to a cost pool.

Cost pools are established by reference to countries. Expenditure is transferred to a cost pool when either:

- there are indications of impairment; or
- at the conclusion of an appraisals programme whether or not commercial reserves are discovered.

Expenditure within each cost pool is depreciated on a unit of production basis by reference to quantities.

#### ***Deferred taxation***

Deferred tax is provided using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided tax is disclosed as a contingent liability.

**Notes** *(continued)*

**1 Accounting policies** *(continued)*

**Foreign currencies**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences are dealt with in the profit and loss account.

**Related party transactions**

As 100% of the company's voting rights are controlled within the group headed by Cirque Energy Limited, the company has taken advantage of the exemption contained in Financial Reporting Standard Number 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

**2 Turnover**

The turnover is attributable to the principal activity of the company.

**3 Interest receivable and similar income**

	<b>Year to</b>	<b>9 months to</b>
	<b>31 Dec 99</b>	<b>31 Dec 98</b>
	<b>£</b>	<b>£</b>
Bank interest receivable	<b>1,010</b>	<b>3,187</b>
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>

**4 Profit/(loss) on ordinary activities before taxation**

	<b>£</b>	<b>£</b>
<i>The profit/(loss) on ordinary activities is stated after charging:</i>		
Auditors' remuneration	<b>4,000</b>	<b>2,000</b>
Amortisation of intangible fixed assets	<b>311,177</b>	<b>17,428</b>
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**5 Directors and employees**

The company had no employees other than the directors who were not paid any emoluments by the company during the year (1998: *£nil*).

**Notes** (continued)

**6 Taxation**

	Year to 31 Dec 99	9 months to 31 Dec 98
	£	£
<i>The tax charge comprises:</i>		
Deferred tax (note 10)	68,318	-
	<u>68,318</u>	<u>-</u>

**7 Intangible fixed assets**

	Exploration costs £
<i>Cost:</i>	
At 1 January 1999	1,628,839
Additions	1,061,925
Disposals	(73,659)
At 31 December 1999	<u>2,617,105</u>
<i>Accumulated amortisation:</i>	
At 1 January 1999	82,665
Charge for year	311,177
At 31 December 1999	<u>393,842</u>
<i>Net book value:</i>	
At 31 December 1999	<u>2,223,263</u>
At 31 December 1998	<u>1,546,174</u>

**8 Debtors**

	1999	1998
	£	£
Trade debtors	75,289	-
Other debtors	603,708	144,051
	<u>678,997</u>	<u>144,051</u>

**Notes** (continued)

**9 Creditors: amounts falling due within one year**

	1999	1998
	£	£
Bank overdraft	-	8,029
Trade creditors	552,426	456,449
Amounts owed to group undertakings	2,307,854	1,405,235
Accruals and deferred income	-	2,000
	2,860,280	1,871,713
	2,860,280	1,871,713

The bank overdraft is secured by a fixed and floating charge over all of the company's assets.

**10 Provisions for liabilities and charges**

Deferred tax is fully provided and calculated at 30%, and comprises:

	1999	1998
	£	£
Accelerated capital allowances	176,695	-
Losses	(108,377)	-
	68,318	-
	68,318	-
		Deferred taxation
		£
Balance at 1 January 1999		-
Profit and loss account		68,318
<b>Balance at 31 December 1999</b>		<b>68,318</b>
		<b>68,318</b>

**11 Called up share capital**

	1999	1998
	£	£
<i>Authorised:</i>		
100 ordinary shares of £1 each	100	100
	100	100
<i>Issued, called up and fully paid:</i>		
2 ordinary shares of £1 each	2	2
	2	2
	2	2

**Notes** *(continued)*

**12 Profit and loss account**

	1999 £	1998 £
Opening balance	(119,267)	(101,786)
Profit/(loss) for the year	272,231	(17,481)
<b>Closing balance</b>	<b>152,964</b>	<b>(119,267)</b>

**13 Reconciliation of movement in shareholders' funds**

	1999 £	1998 £
Profit/(loss) for the year	272,231	(17,481)
Net addition to/(reduction in) shareholders' funds	272,231	(17,481)
Opening shareholders' funds	(119,265)	(101,784)
<b>Closing shareholders' funds</b>	<b>152,966</b>	<b>(119,265)</b>

**14 Ultimate parent undertaking**

The directors consider that the ultimate parent undertaking of this company is Cirque Energy Limited, its parent company, incorporated in Canada.

The largest group of undertakings for which group financial statements have been drawn up is that headed by Cirque Energy Limited. A copy of these financial statements may be obtained from c/o Tikal Resources Corp. 550, 400 Fifth Avenue SW, Calgary, Alberta, T2P 016, Canada.

**15 Transactions with directors**

During the year, payments of £74,710 (1998: £17,704) were made to Steve Bushell Limited, a company owned by Steve Bushell, a director of the company. Of this figure £nil (1998: £nil) has been disclosed as directors' fees.