



CIRQUE ENERGY (UK) LIMITED

ABBREVIATED ACCOUNTS

FOR THE PERIOD ENDED

31 DECEMBER 1998

CIRQUE ENERGY (UK) LIMITED

ABBREVIATED ACCOUNTS

For the period ended 31 December 1998

Company registration number: 3080778

Registered office: Green Acre Cottage
Shoreditch
Somerset
TA3 7BL

Directors: G A Phillips
S Bushell
D A Connolly (appointed 18 October 1999)

Secretary: S Bushell

Bankers: National Westminster Bank Plc
49 North Street
Taunton
Somerset
TA1 1NB

Auditors: Grant Thornton
Registered auditors
Chartered accountants
30 Hounds Gate
Nottingham
NG1 7DH

CIRQUE ENERGY (UK) LIMITED

ABBREVIATED ACCOUNTS

For the period ended 31 December 1998

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REPORT OF THE AUDITORS TO

CIRQUE ENERGY (UK) LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 2 to 5 together with the full financial statements of Cirque Energy (UK) Limited prepared under section 226 of the Companies Act 1985 for the period ended 31 December 1998.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with the provisions of section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver to the registrar of companies abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act and whether the abbreviated accounts have been properly prepared in accordance with those provisions.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 2 to 5 have been properly prepared in accordance with those provisions.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

Nottingham
8 June 2000

CIRQUE ENERGY (UK) LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

TURNOVER

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

OIL EXPLORATION AND DEVELOPMENT COSTS

Oil and gas 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 deferred tax is disclosed as a contingent liability.

Debit balances arising in respect of advance corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

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. Where exchange differences result from the translation of foreign currency borrowings raised to acquire foreign assets (including equity investments) they are taken to reserves and offset against the differences arising from the translation of those assets. All other exchange differences are dealt with through the profit and loss account.

This accounting policy is as prescribed by Statement of Standard Accounting Practice No. 20. It may involve reporting unrealised exchange gains on unsettled long-term monetary items as part of the profit or loss for the period. This policy represents a departure from statutory accounting principles, which only allow profits realised at the balance sheet date to be included in the profit and loss account. The directors consider that this policy is necessary in order that the financial statements may give a true and fair view. Deferral of exchange gains whilst recognising exchange losses would inhibit the fair measurement of the performance of the company in the period.

If this departure had not been made, the loss for the financial period would have remained as currently reported.

CIRQUE ENERGY (UK) LIMITED

ABBREVIATED BALANCE SHEET AT 31 DECEMBER 1998

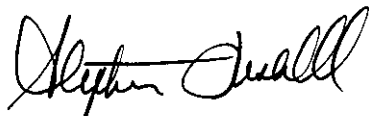
	Note	1998 £	1998 £	1998 £	1998 £
Fixed assets					
Intangible assets	1		1,546,174		760,376
Current assets					
Debtors		144,051		188,128	
Cash at bank and in hand		62,223		41,623	
		<u>206,274</u>		<u>229,751</u>	
Creditors: amounts falling due within one year		<u>(1,871,713)</u>		<u>(1,091,911)</u>	
Net current liabilities			(1,665,439)		(862,160)
Total assets less current liabilities			(119,265)		(101,784)
 Capital and reserves					
Called up share capital	2		2		2
Profit and loss account			(119,267)		(101,786)
			<u>(119,265)</u>		<u>(101,784)</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The abbreviated accounts were approved by the Board of Directors on

8th June 2000

S Bushell



Director

The accompanying accounting policies and notes form an integral part of these abbreviated accounts.

CIRQUE ENERGY (UK) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

For the period ended 31 December 1998

1 FIXED ASSETS

	Intangible assets £
Cost	
At 1 April 1998	825,613
Additions	803,226
	<u>1,628,839</u>
Depreciation and amortisation	
At 1 April 1998	65,237
Charge for the period	17,428
	<u>82,665</u>
Net book amount at 31 December 1998	<u>1,546,174</u>
Net book amount at 31 March 1998	<u>760,376</u>

2 SHARE CAPITAL

	31 December 1998 £	31 March 1998 £
Authorised 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

3 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 accounts have been drawn up is that headed by Cirque Energy Limited.

CIRQUE ENERGY (UK) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

For the period ended 31 December 1998

4 TRANSACTIONS WITH DIRECTORS

During the year payments of £17,704 (31 March 1998: £12,007) were made to Steve Bushell Limited, a company owned by Steve Bushell, a director of this company. Of this figure £ Nil (31 March 1998: £1,783) has been disclosed as directors' fees.

5 TRANSACTIONS WITH RELATED PARTIES

An administration charge of £29,738 (31 March 1998: £50,388) has been made by Cirque Energy Limited, the Canadian parent company of this company.

At 31 December 1998, £1,405,235 (31 March 1998: £786,558) was owed to Cirque Energy Limited, the Canadian parent company.