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**COMPANY  
NUMBER: 3080778**

**Cirque Energy (UK) Limited**

**Report and Unaudited Financial Statements**

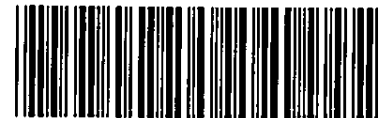
**Year Ended**

**31 December 2007**

**BDO**

**BDO Stoy Hayward  
Chartered Accountants**

**SATURDAY**



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# Cirque Energy (UK) Limited

Annual report and financial statements  
for the year ended 31 December 2007

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## Directors

S Bushell  
S Polowick

## Secretary and registered office

S Bushell, Green Acre Cottage, Shoreditch, Somerset, TA3 7BL

## Company number

3080778

## Accountants

BDO Stoy Hayward LLP, Kings Wharf, 20-30 Kings Road, Reading, Berkshire, RG1 3EX

## Bankers

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

# Cirque Energy (UK) Limited

## Report of the directors for the year ended 31 December 2007

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The directors present their report and financial statements for the year ended 31 December 2007

### Results and dividends

The profit and loss account is set out on page 3 and shows the result for the year

The directors do not propose a dividend for the year (2006 - £Nil)

### Principal activities

The principal activity of the company in the year was that of oil exploration and production

There have been no events since the balance sheet date which materially affect the position of the company

### Directors

The directors of the company during the year were

S Bushell  
S Polowick

No director had any beneficial interest in the issued share capital of the company. The directors' interests in the ultimate parent company are disclosed in its financial statements.

### Directors' responsibilities

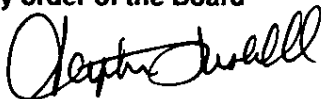
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to ensure that the financial statements comply with the Companies Act 1985. 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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the Board



S Bushell  
Secretary

Date 14<sup>th</sup> August 2008

# Cirque Energy (UK) Limited

## Accountants' report and the unaudited financial statements

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### To the shareholders of Cirque Energy (UK) Limited

You consider that the company is exempt from an audit for the year ended 31 December 2007. You have acknowledged, on the balance sheet, your responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985, and for preparing accounts which give a true and fair view of the state of affairs of the company and of its profit or loss for the financial year.

In accordance with your instructions, we have prepared the accounts which comprise the Profit and Loss Account, the Balance Sheet and the related notes from the accounting records of the company and on the basis of information and explanations you have given to us.

We have not carried out an audit or any other review, and consequently we do not express any opinion on these accounts.

*BDO Stoy Hayward LLP*  
**BDO STOY HAYWARD LLP**  
*Chartered Accountants  
and Registered Auditors*  
Reading

Date *15 August 2008*

# Cirque Energy (UK) Limited

## Profit and loss account for the year ended 31 December 2007

	Note	2007 £	2006 £
Turnover		-	-
Cost of sales		49,381	43,576
<b>Gross loss</b>		<b>(49,381)</b>	<b>(43,576)</b>
Administrative expenses		(35,817)	(39,593)
<b>Operating loss</b>	3	<b>(85,198)</b>	<b>(83,169)</b>
Interest receivable and similar income		101	28
<b>Loss on ordinary activities before and after taxation and amount transferred to reserves</b>	10	<b>(85,097)</b>	<b>(83,141)</b>

All amounts relate to continuing activities

All recognised gains and losses for the current and prior year are included in the profit and loss account

There are no movements in shareholder's funds in the current and prior year apart from the loss for the year

The notes on pages 6 to 10 form part of these financial statements

# Cirque Energy (UK) Limited

## Balance sheet at 31 December 2007

	Note	2007 £	2007 £	2006 £	2006 £
<b>Fixed assets</b>					
Intangible assets	5		115,360		115,360
<b>Current assets</b>					
Debtors	6	36,401		71,533	
Cash at bank and in hand		17,267		6,558	
		<u>53,668</u>		<u>78,091</u>	
<b>Creditors amounts falling due within one year</b>	7	<b>3,294,244</b>		<b>3,233,570</b>	
		<u>53,668</u>		<u>78,091</u>	
<b>Net current liabilities</b>			<b>(3,240,576)</b>		<b>(3,155,479)</b>
<b>Total assets less current liabilities</b>			<b>(3,125,216)</b>		<b>(3,040,119)</b>
<b>Provision for liabilities and charges</b>	8		<b>16,649</b>		<b>16,649</b>
			<u>16,649</u>		<u>16,649</u>
<b>Net liabilities</b>			<b>(3,141,865)</b>		<b>(3,056,768)</b>
<b>Capital and reserves</b>					
Called up share capital	9		2		2
Profit and loss account	10		<b>(3,141,867)</b>		<b>(3,056,770)</b>
			<u>2</u>		<u>2</u>
<b>Shareholders' deficit</b>			<b>(3,141,865)</b>		<b>(3,056,768)</b>
			<u>(3,141,865)</u>		<u>(3,056,768)</u>

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 31 December 2007. The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2007 in accordance with Section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for

- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company

# Cirque Energy (UK) Limited

Balance sheet  
at 31 December 2007 (*Continued*)

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

The financial statements were approved by the Board on 14<sup>th</sup> August 2008



S Bushell  
Director

The notes on pages 6 to 10 form part of these financial statements

# Cirque Energy (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2007

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## 1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

The following principal accounting policies have been applied

### *Turnover*

Turnover represents total amount receivable by the company for goods supplied and services provided to outside customers at invoiced amounts less value added tax and trade discounts

### *Going concern*

The directors are of the opinion that the company has adequate resources to continue in operational existence for the foreseeable future, being not less than one year from the approval of these financial statements. Curmeean Energy Limited, the company's principal creditor has undertaken to continue to give such financial support as the company requires to enable it to continue to trade in the foreseeable future. For this reason the directors have adopted the going concern basis in preparing the financial statements

### *Oil exploration and development costs*

Oil exploration and development activities are accounted for in accordance with the full cost method. Expenditures are capitalised, to the extent that they relate directly to the cost of exploration and development

Capitalised expenditures are classified as an intangible asset and are stated at cost less provision for impairment

### *Foreign currency*

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. Any differences are taken to the profit and loss account

### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted



# Cirque Energy (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2007 (*Continued*)

## 2 Directors and employees

The company had no employees other than the directors, who were not paid any emoluments by the company during the year (2006 - £Nil), other than as disclosed in note 11

## 3 Operating loss

	2007 £	2006 £
This has been arrived at after charging		
Loss on foreign exchange	<u>10,467</u>	<u>-</u>

## 4 Taxation on loss on ordinary activities

The tax assessed for the period is different from the standard rate of corporation tax in the UK. The differences are explained below

	2007 £	2006 £
Loss on ordinary activities before tax	<u>(85,097)</u>	<u>(83,141)</u>
Loss on ordinary activities at the standard rate of Corporation tax in the UK of 20% (2006 – 30%)	(17,019)	(24,342)
Effect of		
Expenses not deductible for tax purposes	-	600
Trading losses carried forward	<u>17,019</u>	<u>23,742</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

### *Factors which may affect future tax charges*

At 31 December 2007 the company had tax losses of £2,544,166 (2006 - £2,592,864) to be carried forward subject to the approval of the Inland Revenue

# Cirque Energy (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2007 *(Continued)*

5 Intangible assets	<b>Exploration costs</b>	
	<b>£</b>	
<i>Cost</i>		
At 1 January and 31 December 2007		3,970,389
<i>Impairment</i>		
At 1 January and 31 December 2007		3,855,029
<i>Net book value</i>		
At 31 December 2007		<u>115,360</u>
At 31 December 2006		<u>115,360</u>
6 Debtors	2007	2006
	£	£
Other debtors	36,401	71,533
	<u>36,401</u>	<u>71,533</u>
7 Creditors amounts falling due within one year	2007	2006
	£	£
Trade creditors	16,066	65,449
Amounts owed to group undertakings	3,271,745	3,152,924
Accruals	6,433	15,197
	<u>3,294,244</u>	<u>3,233,570</u>

# Cirque Energy (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2007 (*Continued*)

## 8 Provisions for liabilities and charges

Site Restoration  
£

At 1 January and 31 December 2007

16,649

## 9 Share capital

2007  
£

2006  
£

*Authorised*

100 ordinary shares of £1 each

100

100

2007  
£

2006  
£

*Allotted, issued and fully paid*

2 ordinary shares of £1 each

2

2

## 10 Profit and loss account

2007  
£

At 1 January 2007

(3,056,770)

Loss for the year

(85,097)

At 31 December 2007

(3,141,867)

# Cirque Energy (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2007 (*Continued*)

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## 11 Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related Party Transactions" not to disclose transactions with members of the group headed by Curmeean Energy Limited on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company

During the year, payments of £33,885 (2006 - £29,108) were made in respect of directors' services to Steve Bushell Limited, a company owned by Steve Bushell, a director of the company. A balance of £3,617 (2006 - £14,098) was outstanding at 31 December 2007

## 12 Ultimate parent company

At 31 December 2007, the company's ultimate parent company was Curmeean Energy Limited, a private company incorporated in Canada which is the parent of the largest and smallest group of which the company is a member

## 13 Cashflow statement

The company has used the exemption under Financial Reporting Standard 1 "Cashflow Statements" not to prepare a cashflow statement as it qualifies as a small company, in accordance with the Companies Act 1985