

COMPANY NUMBER: 3080778

**CIRQUE ENERGY (UK)
LIMITED**

ABBREVIATED ACCOUNTS

FOR THE PERIOD ENDED

31 MARCH 1996

CIRQUE ENERGY (UK) LIMITED

ABBREVIATED ACCOUNTS

FOR THE PERIOD ENDED 31 MARCH 1996

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REPORT OF THE AUDITORS TO THE MEMBERS OF

CIRQUE ENERGY (UK) LIMITED

PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 3 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 March 1996.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 4 and whether the abbreviated accounts have been properly prepared in accordance with that Schedule.

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 the exemptions 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 under Sections 246 to 249 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act, in respect of the period ended 31 March 1996, and the abbreviated accounts on pages 3 to 5 have been properly prepared in accordance with that Schedule.

On 20 January 1997 we reported, as auditors of Cirque Energy (UK) Limited, to the members on the full financial statements of the company prepared under Section 226 of the Companies Act 1985 for the period ended 31 March 1996, and our audit report was as follows:

"We have audited the financial statements on pages 4 to 9 which have been prepared under the accounting policies set out on page 4.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

REPORT OF THE AUDITORS TO THE MEMBERS OF

CIRQUE ENERGY (UK) LIMITED

PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985 (CONTINUED)

Basis of 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 at 31 March 1996 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985."



GRANT THORNTON
Registered Auditors
Chartered Accountants

Nottingham

20 January 1997

CIRQUE ENERGY (UK) LIMITED

PRINCIPAL ACCOUNTING POLICIES

FOR THE PERIOD ENDED 31 MARCH 1996

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

The principal accounting policies of the company 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 ACTIVITIES

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.

STOCKS

Stocks are stated at the lower of cost and net realisable value.

DEFERRED TAX

Deferred tax is provided for under the liability method 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.

FOREIGN CURRENCY

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 par to the profit or loss for the period. This policy represents a departure from statutory accounting principle, 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 year would have remained as currently reported.

CIRQUE ENERGY (UK) LIMITED

ABBREVIATED BALANCE SHEET AT

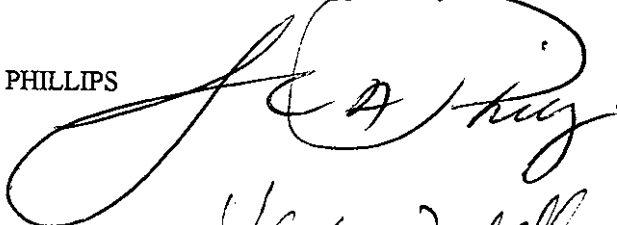
31 MARCH 1996

| | Note | £ | 1996 £ |
|--------------------------------------|------|------------------|------------------|
| Fixed assets | | | |
| Intangible assets | 1 | | 316,844 |
| Current assets | | | |
| Debtors | | 91,899 | |
| Cash at bank and in hand | | 1,291 | |
| | | <u>93,190</u> | |
| Creditors due within one year | | <u>(417,290)</u> | |
| Net current liabilities | | | <u>(324,100)</u> |
| | | | <u>(7,256)</u> |
| Capital and reserves | | | |
| Called up share capital | 2 | | 2 |
| Profit and loss account | | | (7,258) |
| Shareholders' funds | | | <u>(7,256)</u> |

In preparing these abbreviated accounts, we have relied upon the exemptions for individual financial statements conferred by Section A of Part III of Schedule 8 to the Companies Act 1985, on the grounds that the company is entitled to the benefit of those exemptions as a small company.

The abbreviated accounts were approved by the Board of Directors on *20 January 1997*

G PHILLIPS



S BUSHELL



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 MARCH 1996

1 INTANGIBLE FIXED ASSETS

| | Exploration costs £ |
|------------------------------------|--------------------------------|
| Cost | |
| Additions | 316,844 |
| | <hr/> |
| At 31 March 1996 | 316,844 |
| | <hr/> <hr/> |
| Amortisation | |
| Provided in the period | - |
| | <hr/> |
| At 31 March 1996 | - |
| | <hr/> <hr/> |
| Net book value at 31 March 1996 | 316,844 |
| | <hr/> <hr/> |

2 CALLED UP SHARE CAPITAL

| | 1996 £ |
|--|-------------------|
| Authorised 100 ordinary shares of £1 each | 100 |
| | <hr/> <hr/> |
| Allotted, called up and fully paid 2 ordinary shares of £1 each | 2 |
| | <hr/> <hr/> |

3 ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking of this company is Cirque Energy Limited, a company incorporated in Canada.

The largest group of undertakings for which group accounts have been drawn up is that headed by Cirque Energy Limited.