

**WESSEX EXPLORATION LIMITED**  
**REPORT OF THE DIRECTORS AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**WESSEX EXPLORATION LIMITED**

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FOR THE YEAR ENDED 30 JUNE 2009**

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**WESSEX EXPLORATION LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 30 JUNE 2009**

**DIRECTORS:**

F E Dekker  
Mrs J A Dekker  
D R Bramhill  
T M Heeley

**SECRETARIES:**

F E Dekker  
B A Marshall

**REGISTERED OFFICE:**

2nd Floor  
Berkeley Square House  
Berkeley Square  
London  
W1J 6BD

**REGISTERED NUMBER:**

3793723 (England and Wales)

**SENIOR STATUTORY  
AUDITOR:**

J S Fuller

**AUDITORS:**

Fuller Accountants Limited  
Statutory Auditor  
Chartered Accountants  
The Counting House  
Church Farm Business Park  
Corston  
BATH  
BA2 9AP

## **WESSEX EXPLORATION LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2009**

The directors present their report with the financial statements of the company for the year ended 30 June 2009.

#### **PRINCIPAL ACTIVITY**

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

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 July 2006 to the date of this report.

F E Dekker  
Mrs J A Dekker

Other changes in directors holding office are as follows:

D R Bramhill - appointed 14 August 2008  
T M Heeley - appointed 18 May 2009

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **AUDITORS**

The auditors, Fuller Accountants Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

#### **ON BEHALF OF THE BOARD:0**

D R Bramhill - Director

4 November 2009

## **REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF WESSEX EXPLORATION LIMITED**

We have audited the financial statements of Wessex Exploration Limited for the year ended 30 June 2009 on pages five to ten. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF  
WESSEX EXPLORATION LIMITED**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements and the Report of the Directors in accordance with the small companies regime.

J S Fuller (Senior Statutory Auditor)  
for and on behalf of Fuller Accountants Limited  
Statutory Auditor  
Chartered Accountants  
The Counting House  
Church Farm Business Park  
Corston  
BATH  
BA2 9AP

4 November 2009

**WESSEX EXPLORATION LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2009**

	Notes	2009 £	2008 £
<b>TURNOVER</b>		-	-
Administrative expenses		<u>98,784</u>	<u>74,037</u>
<b>OPERATING LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	<b>(98,784)</b>	<b>(74,037)</b>
Tax on loss on ordinary activities	3	<u>-</u>	<u>-</u>
<b>LOSS FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<b><u>(98,784)</u></b>	<b><u>(74,037)</u></b>

The notes form part of these financial statements

**WESSEX EXPLORATION LIMITED****BALANCE SHEET  
30 JUNE 2009**

		2009		2008	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	4		<b>106,283</b>		37,387
Tangible assets	5		<b>3,652</b>		4,869
Investments	6		<b><u>127,250</u></b>		<u>-</u>
			<b>237,185</b>		42,256
<b>CURRENT ASSETS</b>					
Debtors	7	<b>218</b>		-	
Cash at bank		<b><u>69,157</u></b>		<u>13,563</u>	
		<b>69,375</b>		13,563	
<b>CREDITORS</b>					
Amounts falling due within one year	8	<b><u>180,183</u></b>		<u>33,146</u>	
<b>NET CURRENT LIABILITIES</b>			<b>(110,808)</b>		<u>(19,583)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b><u>126,377</u></b>		<u>22,673</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	9		<b>491,304</b>		288,816
Profit and loss account	10		<b><u>(364,927)</u></b>		<u>(266,143)</u>
<b>SHAREHOLDERS' FUNDS</b>			<b><u>126,377</u></b>		<u>22,673</u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Directors on 4 November 2009 and were signed on its behalf by:

D R Bramhill - Director

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**1. ACCOUNTING POLICIES**

**Accounting convention and basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements have been prepared in accordance with applicable UK accounting standards and fall within the scope of the Statement of Recommended Practice ("SORP"), "Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities", issued by the Oil Industry Accounting Committee. The financial statements, including disclosures, have been prepared in accordance with the provisions of the SORP currently in effect except for modification to the full cost approach as described in more detail below.

The Company's financial statements comprise the profit and loss account, balance sheet and related notes. The Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 "Cash Flow Statements".

The Company's exploration, development and production activities are generally conducted jointly with other companies. Since these arrangements do not constitute entities in their own right, the financial statements reflect the relevant proportion of costs, income assets and liabilities applicable to the Company's interests.

**Intangible oil and gas assets**

The company has adopted a modified full cost method of accounting for expenditure in respect of its exploration and evaluation oil and gas activities. As a result, all such costs are accumulated in cost pools within intangible oil and gas assets. Such cost pools are based on a geographic segment. The company currently has four geographic costs pools.

Intangible oil and gas assets are not depreciated and are carried forward until the existence (or otherwise) of commercial reserves has been determined.

Such costs may include costs of licence acquisition, technical services and studies, seismic acquisition, exploration drilling and testing, but do not include costs incurred prior to having obtained the legal rights to explore an area, which are expensed directly to the income statement as they are incurred.

The exploration and evaluation expenditure which is held as intangible oil and gas assets is reviewed regularly for indicators of impairment. Such indicators include the point at which a determination is made as to whether or not commercial reserves exist. If such indicators exist then the intangible oil and gas assets are tested for impairment together with any development and production assets associated with that cost pool, as a single cash generating unit. The aggregate carrying value is compared against the expected recoverable amount, generally by reference to the present values of the future net cash flows expected to be derived from production of commercial reserves. Where the intangible oil and gas assets to be tested fall outside the scope of any established cost pool or have no established reserves then the intangible oil and gas assets concerned will generally be written off in full.

A impairment test is also carried out before the transfer of exploration and evaluation costs to tangible oil and gas assets following a declaration of commercial reserves.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2009

1. ACCOUNTING POLICIES - continued

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery etc - 25% on reducing balance

**Tangible oil and gas assets**

Once a decision is reached that commercial reserves have been established the relevant costs are transferred (following an impairment review) from intangible oil and gas assets to development and production assets within tangible oil and gas assets. Expenditure incurred after the commerciality of the field has been established are then capitalised within tangible oil and gas assets. At the balance sheet date no such transfers to tangible assets had been made.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or receive more tax, with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted at the balance sheet date.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

2. OPERATING LOSS

The operating loss is stated after charging:

	2009	2008
	£	£
Depreciation - owned assets	1,217	1,625
Auditors' remuneration	<u>3,000</u>	<u>2,500</u>
Directors' remuneration and other benefits etc	<u>40,000</u>	<u>40,000</u>

3. TAXATION

**Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the year ended 30 June 2009 nor for the year ended 30 June 2008.

**WESSEX EXPLORATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2009**

**4. INTANGIBLE FIXED ASSETS**

Intangible assets represent the cost of investment in oil and gas projects where it is too early to make a decision regarding the existence or otherwise of commercial reserves.

The carrying value of intangible assets all relates to licence, exploration and appraisal costs.

**5. TANGIBLE FIXED ASSETS**

	<b>Plant and machinery etc £</b>
<b>COST</b>	
At 1 July 2008 and 30 June 2009	<u>11,529</u>
<b>DEPRECIATION</b>	
At 1 July 2008	6,660
Charge for year	<u>1,217</u>
At 30 June 2009	<u>7,877</u>
<b>NET BOOK VALUE</b>	
At 30 June 2009	<u><u>3,652</u></u>
At 30 June 2008	<u><u>4,869</u></u>

**6. FIXED ASSET INVESTMENTS**

The company's investments at the balance sheet date comprise:

£117,250 being a 50% share of Northpet Investments Limited, a company registered in England and Wales, the principal activity of which is investment in oil and gas exploration, development and production opportunities. Northpet Investments Limited is a joint venture between Wessex Exploration Limited and NP Offshore Holdings (UK) Limited. Each partner owns one half of the issued share capital of the company.

£10,000 being a 50% share in Maghreb Exploration Limited, a company registered in England and Wales, the principal activity of which is oil and gas exploration and development in Western Africa. The other 50% holding in this company is owned by Mr and Mrs F E Dekker.

**7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2009</b>	2008
	£	£
Other debtors	<u>218</u>	<u>-</u>

**8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2009</b>	2008
	£	£
Other creditors	<u><u>180,183</u></u>	<u><u>33,146</u></u>

**WESSEX EXPLORATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2009**

**9. CALLED UP SHARE CAPITAL**

Allotted and issued:				
Number:	Class:	Nominal value:	2009 £	2008 £
196,521,506	Ordinary	0.25p	<u>491,304</u>	<u>288,816</u>

During the year the company issued a total of 80,995,226 ordinary shares at par (2008: 25,697,080).

**10. RESERVES**

	Profit and loss account £
At 1 July 2008	(266,143)
Deficit for the year	<u>(98,784)</u>
At 30 June 2009	<u>(364,927)</u>

**WESSEX EXPLORATION LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2009**

	2009		2008
	£	£	£
<b>Income</b>		-	-
<b>Expenditure</b>			
Directors' salaries	40,000		40,000
Rent and office facilities	10,379		12,453
Telephone	1,621		1,278
Post and stationery	3,371		2,038
Travelling	9,706		9,891
Subscriptions	454		1,899
Insurance	250		210
Website and internet expenses	32		71
Sundry expenses	575		302
Accountancy	2,950		1,500
Consultancy fees	20,000		-
Legal and professional fees	5,042		-
Auditors' remuneration	3,000		2,500
Depreciation of tangible fixed assets			
Plant and machinery	<u>1,217</u>		<u>1,625</u>
		<u>98,597</u>	<u>73,767</u>
		<b>(98,597)</b>	<b>(73,767)</b>
<b>Finance costs</b>			
Bank charges		<u>187</u>	<u>270</u>
<b>NET LOSS</b>		<u><b>(98,784)</b></u>	<u><b>(74,037)</b></u>