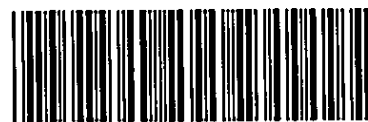


Company Registration No 05503163 (England & Wales)

**BANCHORY EXPLORATION LIMITED**

**FINANCIAL STATEMENTS AS AT 31 JULY 2006**

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**BANCHORY EXPLORATION LIMITED**

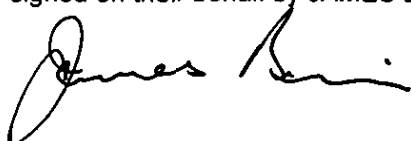
**BALANCE SHEET**

**As at 31 July 2006**

	<b>31 July 2006 £</b>
<b>Fixed assets</b>	
Investment	<u>65,000</u>
<b>Capital and reserves</b>	
Called up share capital	<u>65,000</u>

- (a) For the period from incorporation on 8 July 2005 to 31 July 2006, the company was entitled under section 249AA(1) of the Companies Act 1985
- (b) Members have not required the company to obtain an audit in accordance section 249B(2) of the Companies Act 1985
- (c) The directors acknowledge their responsibility for
- i ensuring the company keeps accounting records which comply with section 221, and
  - ii Preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of its profit or loss for the financial year, in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company

Approved by the board of directors on 1 May 2007  
signed on their behalf by JAMES BAIN (DIRECTOR)



# **BANCHORY EXPLORATION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

Period ended 31 July 2006

### **1 ACCOUNTING POLICIES**

#### **Basis of preparation of financial statements**

The financial statements are prepared in accordance with applicable accounting standards in the United Kingdom. The principal accounting policies adopted are described below.

#### **Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **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.

Deferred tax is recognised in respect of all timing differences that have originated but not reserved at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured on a non-discounted basis.

#### **Investments**

Investments are stated at cost less provision for any diminution in value.

### **2 Fixed asset investments**

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 31 July 2006	<u>65,000</u>

The investment in subsidiary represents

Company	Country of registration or incorporation	Shares held	
		Class	%
Plectrum Oil Limited	England and Wales	Ordinary	49.9

## **BANCHORY EXPLORATION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Period ended 31 July 2006**

On 8 September 2005, the company subscribed for 65,000 £1 ordinary shares at £100 each, of which 1% was called and 99% remained uncalled and unpaid. Under the placing agreement, the uncalled and unpaid shares have no voting rights attached and are entitled only to the called percentage of assets and distributions until fully paid. The shares are only callable in the event of (a) success of Plectrum Oil Limited in the 24th UK Seaward Licensing Round and (b) subsequent mutual agreement on the decision to drill an exploration well between Plectrum Oil Limited and the company. At the date of these financials, neither of these conditions have been fulfilled.

#### **3 Share capital**

**31 July  
2006  
£**

##### **Authorised**

65,000 Ordinary Shares of £1 each

65,000

##### **Allotted, called up and fully paid**

65,000 Ordinary Shares of £1 each

65,000

On 30 August 2005, 65,000 ordinary shares of £1 each were subscribed to by the following individuals who remained shareholders at the balance sheet date -

Richard Griffiths	22,000 shares
Christopher Potts	22,000 shares
Michael Whyatt	7,000 shares
Michael Evans	7,000 shares
James Bain	7,000 shares

#### **4. Subsequent event**

In February 2007, the entire share capital of the company was acquired by Plectrum Oil & Gas Plc, a fully owned subsidiary of Plectrum Petroleum Plc, a company registered in England and Wales, whose consolidated accounts can be obtained from 5th Floor, Hanover Square, London, W1S 1HU.

M Whyatt, M Evans and J Bain who are directors in the company, Plectrum Oil & Gas Plc and Plectrum Petroleum Plc, each held 7,000 ordinary shares (representing 10.7% of the issued share capital) in the company and each received £7,793.