

Registered number: 05351398

**CAP ENERGY LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

**CAP ENERGY LIMITED**

**COMPANY INFORMATION**

**DIRECTORS**

Timothy Hearley  
John Killer  
Clair Opsal

**COMPANY SECRETARY**

Richard Shand

**COMPANY NUMBER**

05351398

**REGISTERED OFFICE**

32 Station Road  
Beccles  
Norwich  
Suffolk  
NR34 9QJ

**AUDITORS**

Ashings Limited  
Chartered Accountants  
First Floor  
Barbican House  
26/34 Old Street  
London  
EC1V 9QQ

# CAP ENERGY LIMITED

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## CAP ENERGY LIMITED

### CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

The chairman presents his statement for the period.

The past two years have been the most difficult in the life of the company. While the operator (CSV Holdings, Inc.) of CAP's Stark's Dome interest in Louisiana had reported successful repair of the field's salt water disposal system at the end of 2010, intermittent problems continued. Combined with the fact that many of Cap's wells could not be placed back on production due to corrosion problems arising during their protracted shutdown, oil production in 2011 was insufficient to generate the net production income which had been anticipated. Equally importantly, the lack of positive operational results prevented CAP from raising any new funds both to progress field development and cover its administrative overheads, and the company had to rely on the principal shareholder's undertaking to support the company. It was clear this situation could not continue.

As a result, early in 2011, the directors began discussions with a variety of energy and other groups on the possibility of new assets being injected into the company with associated funding, either with or without the disposal by the company of the Stark's Dome asset. At first, little progress was made and the decision was made to suspend the company's listing on the Plus Market in late 2011.

After further discussions with a British group, CAP made the following announcement to the Market:

On 18 August 2011, the Directors requested that trading in the Company's ordinary shares be suspended pending clarification of the Company's financial position. At that time, CAP also reported that it was holding discussions with parties which may or may not lead to a transaction involving the Company.

"CAP announces that it has today signed Heads of Agreement with investors who have indicated their intention to inject new capital into the Company and to change its strategic direction (the "Proposals").

The Proposals, which will require, amongst other things, the approval of shareholders and the holders of 8% Convertible Unsecured Loan Notes 2012 of the Company, will result in the unwinding of CAP's relationships with CSV Holdings, Inc. and the re-classification of CAP as an Investment Vehicle for the purposes of the PLUS Rules for Issuers.

PLUS Stock Exchange plc has agreed to extend the suspension in trading of the Company's ordinary shares pending completion of the Proposals.

A further announcement will be made as and when appropriate."

If this transaction is successful, CAP will have disposed of its Stark's Dome interest in return for new funding, the return of the consideration shares and loan notes issued to the vendor (CSV Holdings, Inc.), and the replacement of the board of directors to allow new energy projects to be pursued.

I wish to thank the directors, officers and shareholders of the company for their support during the year.

Name: Timothy Hearley  
Chairman

Date 13 March 2012

## **CAP ENERGY LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010**

The directors present their report and the financial statements for the year ended 31 December 2010.

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

The directors are responsible for preparing the directors' report 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in directors' reports may differ from legislation in other jurisdictions.

#### **PRINCIPAL ACTIVITIES**

The principal activities of the Group is the exploration of oil and gas opportunities through the direct acquisition of exploration and/or producing oil and gas assets.

#### **DIRECTORS**

The directors who served during the year were:

Timothy Hearley  
John Killer  
Clair Opsal

#### **PROVISION OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information.

**CAP ENERGY LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**AUDITORS**

The auditors, Ashings Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 13 March 2012 and signed on its behalf.

**Richard Shand**  
Secretary

## **CAP ENERGY LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CAP ENERGY LIMITED**

We have audited the financial statements of Cap Energy Limited for the year ended 31 December 2010, which comprise the group profit and loss account, the group and company balance sheets and the related notes. 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 Chapter 3 of Part 16 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 an auditors' report 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 directors' responsibilities statement, 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 and express an opinion on 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 group's and the parent 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 group's and the parent company's affairs as at 31 December 2010 and of the group's 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.

#### **EMPHASIS OF MATTER**

##### **Going Concern**

In forming our opinion, we have considered the adequacy of the disclosure made in note 1.8 of the financial statements concerning the uncertainty around the future of the company. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## CAP ENERGY LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CAP ENERGY 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

Darryl Ashing FCA (Senior statutory auditor)

for and on behalf of

**Ashings Limited**

Chartered Accountants

First Floor  
Barbican House  
26/34 Old Street  
London  
EC1V 9QQ

13 March 2012



**CAP ENERGY LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 £	2009 £
<b>TURNOVER</b>	1,2	4,641	38,493
Cost of sales		<u>(2,777)</u>	<u>(37,048)</u>
<b>GROSS PROFIT</b>		1,864	1,445
Administrative expenses		(209,865)	(181,906)
Exceptional administrative expenses		(288,363)	(104,986)
Total administrative expenses		<u>(498,228)</u>	<u>(286,892)</u>
<b>OPERATING LOSS</b>	3	(496,364)	(285,447)
Interest receivable and similar income		-	18
Amounts written off investments		(7,750)	(5,000)
Interest payable and similar charges		<u>(49,647)</u>	<u>(1,079)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(553,761)	(291,508)
Tax on loss on ordinary activities	6	-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>	14	<u><u>(553,761)</u></u>	<u><u>(291,508)</u></u>
<b>EARNINGS PER SHARE</b>	7	(0.07)	(0.05)

The notes on pages 9 to 16 form part of these financial statements.

**CAP ENERGY LIMITED**  
**REGISTERED NUMBER: 05351398**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2010**

	Note	£	2010 £	£	2009 £
<b>FIXED ASSETS</b>					
Tangible assets	8		269,057		617,604
Investments	9		12,250		20,000
			281,307		637,604
<b>CURRENT ASSETS</b>					
Debtors	10	-		74,002	
Cash at bank		8,473		60,000	
		8,473		134,002	
<b>CREDITORS: amounts falling due within one year</b>	11	(75,505)		(18,113)	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			(67,032)		115,889
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			214,275		753,493
<b>CREDITORS: amounts falling due after more than one year</b>	12		(507,490)		(507,490)
<b>NET (LIABILITIES)/ASSETS</b>			(293,215)		246,003
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13		43,737		43,737
Share premium account	14		1,375,084		1,375,084
Foreign exchange reserve	14		11,070		(3,473)
Profit and loss account	14		(1,723,106)		(1,169,345)
<b>SHAREHOLDERS' (DEFICIT)/FUNDS</b>			(293,215)		246,003

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 March 2012.

**Timothy Hearley**  
Director

The notes on pages 9 to 16 form part of these financial statements.

**CAP ENERGY LIMITED**  
**REGISTERED NUMBER: 05351398**

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2010**

	Note	£	2010 £	£	2009 £
<b>FIXED ASSETS</b>					
Investments	9		14,137		21,887
<b>CURRENT ASSETS</b>					
Debtors	10	-		1,598,599	
Cash at bank		40		49,322	
		40		1,647,921	
<b>CREDITORS: amounts falling due within one year</b>	11	(74,703)		(13,381)	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			(74,663)		1,634,540
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			(60,526)		1,656,427
<b>CREDITORS: amounts falling due after more than one year</b>	12		(507,490)		(507,490)
<b>NET (LIABILITIES)/ASSETS</b>			(568,016)		1,148,937
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13		43,737		43,737
Share premium account	14		1,375,084		1,375,084
Profit and loss account	14		(1,986,837)		(269,884)
<b>SHAREHOLDERS' (DEFICIT)/FUNDS</b>			(568,016)		1,148,937

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 March 2012.

**Timothy Hearley**  
Director

The notes on pages 9 to 16 form part of these financial statements.

## CAP ENERGY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

#### 1. ACCOUNTING POLICIES

##### 1.1 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).

##### 1.2 CASH FLOW

The financial statements do not include a consolidated cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

##### 1.3 BASIS OF CONSOLIDATION

The financial statements consolidate the accounts of Cap Energy Limited and all of its subsidiary undertakings ('subsidiaries').

The company has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own profit and loss account.

The profit and loss account for the year dealt with in the accounts of the company was £1,716,953 (2009 - £130,130).

##### 1.4 TURNOVER

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

##### 1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Other Fixed Assets	-	Over the life of the well to a maximum of ten years
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##### 1.6 INVESTMENTS

- (i) Subsidiary undertakings  
Investments in subsidiaries are valued at cost less provision for impairment.
- (ii) Other investments  
Investments held as fixed assets are shown at cost less provision for impairment.

##### 1.7 FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

## CAP ENERGY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

#### 1. ACCOUNTING POLICIES (continued)

##### 1.8 GOING CONCERN

As detailed in the Chairman's statement, the company has disposed of all its US assets during the year or subsequently apart from the Stark's Dome interest. The directors are negotiating to dispose of this asset which they hope to conclude shortly. Thereafter the company will have no operating assets and will seek alternative activities. If none are located the company will ultimately have to close.

##### 1.9 SHARE BASED PAYMENTS

The fair value of options granted to directors in respect of services provided is recognised as an expense in the profit and loss account with a corresponding increase in equity reserves – the share based payment reserve.

On exercise or cancellation of share options, the proportion of the share based payment reserve relevant to those options is transferred to the profit and loss account reserve. On exercise, equity is also increased by the amount of the proceeds received.

The fair value is measured at grant date charged in the accounting period during which the option becomes unconditional.

The fair value of options is calculated using the Black-Scholes model taking into account the terms and conditions upon which the options were granted. Vesting conditions are non-market and there are no market vesting conditions. The exercise price is fixed at the date of grant and no compensation is due at the date of grant.

#### 2. TURNOVER

100.0% of the company's turnover (2009 - 100.0%) is attributable to geographical markets outside the United Kingdom.

#### 3. OPERATING LOSS

The operating loss is stated after charging:

	2010	2009
	£	£
Depreciation of tangible fixed assets:		
- owned by the group	67,765	95,659
Auditors' remuneration	7,784	6,500
Exceptional administrative expenses	288,363	104,986
	<u>          </u>	<u>          </u>

During the year, no director received any emoluments (2009 - £NIL).

Auditors fees for the company were £7,784 (2009 - £6,500)

**CAP ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**4. DIRECTORS' REMUNERATION**

	2010 £	2009 £
Amounts paid to third parties for directors' remuneration services	<u>26,058</u>	<u>26,000</u>

Options have been granted by the company as follows:

John Killer: 100,000 options at the beginning of 2009 with an exercise price of 20p per share. The options are fully vested and expire on 30 November 2012. A further 500,000 options were granted during 2009 with an exercise price of 10p per share, the options are fully vested and expire on 31 December 2014.

Clair Opsal: 90,000 options were granted in 2009 with an exercise price of 10p per share, the options are fully vested and expire on 31 December 2014.

Tim Hearley: 180,000 options were granted in 2009 with an exercise price of 10p per share, the options are fully vested and expire on 31 December 2014.

No options were granted, exercised or lapsed in the year under review.

**5. EXCEPTIONAL ITEMS**

	2010 £	2009 £
Loss and provision for loss on sale of fixed assets	<u>288,363</u>	<u>104,986</u>

**6. TAXATION**

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

No corporation tax has been charged during the year as the company has not made any taxable profits.

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

The Company has unused tax losses of £150,069 (2009 - £115,879) that may be used against future taxable profits.

**7. EARNINGS PER SHARE**

The basic earnings/(loss) per share is derived by dividing the earnings/(loss) for the period attributable to ordinary shareholders by the weighted average number of shares in issue.

	2010 £	2009 £
Profit/(Loss)	(553,761)	291,508
Weighted average number of shares	7,751,346	7,751,346
Basic earnings/(loss) per share (pence)	(7)	(5)
Fully diluted weighted average number of shares	9,283,134	9,283,134
Fully diluted earnings/(loss) per share	<u>(6)</u>	<u>(3)</u>

**CAP ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**8. TANGIBLE FIXED ASSETS**

<b>GROUP</b>	<b>Other Fixed Assets £</b>
<b>COST</b>	
At 1 January 2010	783,768
Disposals	(33,142)
Foreign exchange movement	(71,574)
	679,052
<b>DEPRECIATION</b>	
At 1 January 2010	166,164
Charge for the year	67,765
On disposals	(11,771)
Impairment charge	271,194
Foreign exchange movement	(83,357)
	409,995
<b>NET BOOK VALUE</b>	
At 31 December 2010	269,057
	617,604
<i>At 31 December 2009</i>	<i>617,604</i>

**9. FIXED ASSET INVESTMENTS**

<b>GROUP</b>	<b>Listed Investments £</b>
<b>COST OR VALUATION</b>	
At 1 January 2010 and 31 December 2010	20,000
<b>IMPAIRMENT</b>	
At 1 January 2010	-
Charge for the year	7,750
	7,750
<b>NET BOOK VALUE</b>	
At 31 December 2010	12,250
	20,000
<i>At 31 December 2009</i>	<i>20,000</i>
<b>LISTED INVESTMENTS</b>	

The market value of the listed investments at 31 December 2010 was £12,250 (2009 - £20,000).

**CAP ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**9. FIXED ASSET INVESTMENTS (continued)**

<b>COMPANY</b>	<b>Investments in Subsidiary Companies £</b>	<b>Listed Investments £</b>	<b>Total £</b>
<b>COST OR VALUATION</b>			
At 1 January 2010 and 31 December 2010	1,887	20,000	21,887
<b>IMPAIRMENT</b>			
At 1 January 2010	-	-	-
Charge for the year	-	7,750	7,750
At 31 December 2010	-	7,750	7,750
<b>NET BOOK VALUE</b>			
At 31 December 2010	1,887	12,250	14,137
<i>At 31 December 2009</i>	<i>1,887</i>	<i>20,000</i>	<i>21,887</i>

**LISTED INVESTMENTS**

The market value of the listed investments at 31 December 2010 was £12,250 (2009 - £20,000).

Details of the principal subsidiaries can be found under note number 17.

**10. DEBTORS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2010 £</b>	<b>2009 £</b>	<b>2010 £</b>	<b>2009 £</b>
Trade debtors	-	538	-	-
Amounts owed by group undertakings	-	-	-	1,597,899
Other debtors	-	73,464	-	700
	-	74,002	-	1,598,599



**CAP ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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

	<b>GROUP</b>		<b>COMPANY</b>	
	2010 £	2009 £	2010 £	2009 £
Trade creditors	727	1,930	727	280
Amounts owed to other participating interest	24,826	-	24,826	-
Other creditors	49,952	16,183	49,150	13,101
	75,505	18,113	74,703	13,381

**12. CREDITORS:  
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>GROUP</b>		<b>COMPANY</b>	
	2010 £	2009 £	2010 £	2009 £
Other loans	507,490	507,490	507,490	507,490
	507,490	507,490	507,490	507,490

Included within the above are amounts falling due as follows:

	<b>GROUP</b>		<b>COMPANY</b>	
	2010 £	2009 £	2010 £	2009 £
<b>BETWEEN TWO AND FIVE YEARS</b>				
Other loans	507,490	507,490	507,490	507,490
	507,490	507,490	507,490	507,490

**13. SHARE CAPITAL**

	2010 £	2009 £
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
8,747,372 Ordinary shares of £0.005 each	43,737	43,737
	43,737	43,737

**CAP ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**14. RESERVES**

	Share premium account £	Foreign exchange reserve £	Profit and loss account £
<b>GROUP</b>			
At 1 January 2010	1,375,084	(3,473)	(1,169,345)
Loss for the year			(553,761)
Movement on foreign exchange		14,543	
	1,375,084	11,070	(1,723,106)
		<b>Share premium account £</b>	<b>Profit and loss account £</b>
<b>COMPANY</b>			
At 1 January 2010		1,375,084	(269,884)
Loss for the year			(1,716,953)
		1,375,084	(1,986,837)

**15. RELATED PARTY TRANSACTIONS**

During the year under review VAIL Corporation Limited (a company in which Timothy Hearley, a director of the group was interested as director and shareholder) charged the group £13,058 (2009 - £13,000) in respect of consultancy fees.

During the year under review OPSAL Energy Inc (a company in which Clair Opsal, a director of the group, was interested as director and shareholder) charged the group £Nil (2009 - £11,592) in respect of directors fees, consultancy fees and rechargeable expenses.

During the year under review Clair Opsal charged an arrangement fee of £3,289 (2009 - £1,541) and interest of £Nil (2009 - £1,079) in relation to a short term loan made to the US subsidiary. The loan was fully repaid during 2009.

During the year under review Genoco Limited (a company in which John Killer, a director of the group, was interested as director and shareholder) charged the group £13,000 (2009 - £13,000) in respect of directors fees, consultancy and rechargeable expenses.

During the year under review the group received revenues of £Nil (2009 - £11,874) and incurred costs of £Nil (2009 - £11,892) in respect of operations at the Starks Dome field operated by CSV Holdings Inc a shareholder of the company.

At the balance sheet date the company was owed \$100,000 (2009 - \$100,000) from CSV Holdings Inc which has now been fully provided. At the balance sheet the company owed £24,826 (2009 - £Nil) in loan notes to CSV Holdings Inc.

**16. CONTROLLING PARTY**

The directors do not regard the group as being under the control of any single entity.

**CAP ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**17. PRINCIPAL SUBSIDIARIES**

<b>Company name</b>	<b>Country</b>	<b>Percentage Shareholding</b>	<b>Description</b>
CAP Energy USA Inc	United States of America	100%	Oil extraction and sale

**CAP ENERGY LIMITED**

**COMPANY DETAILED TRADING AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Page	2010 £	2009 £
<b>Turnover</b>	18	40,000	40,000
<b>Less: Overheads</b>			
Administrative expenses	18	(1,776,907)	(71,728)
		<hr/>	<hr/>
<b>Operating loss</b>		<b>(1,736,907)</b>	<b>(31,728)</b>
Interest receivable	18	-	18
Interest payable	18	(49,647)	-
Investment income	18	69,601	44,241
		<hr/>	<hr/>
<b>(Loss)/profit for the year</b>		<b>(1,716,953)</b>	<b>12,531</b>
		<hr/> <hr/>	<hr/> <hr/>

**CAP ENERGY LIMITED**

**SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010 £	2009 £
<b>Turnover</b>		
Fees receivable - Rest of world - Interco	<u>40,000</u>	<u>40,000</u>
	2010 £	2009 £
<b>Administrative expenses</b>		
Sums paid to 3rd parties for directors services	26,058	26,000
Legal and professional	39,083	37,209
Auditors' remuneration	7,784	6,500
Accounting fees	-	1,850
Bank charges	40	96
Bad debts	1,702,717	-
Sundry expenses	1,225	73
	<u>1,776,907</u>	<u>71,728</u>
	2010 £	2009 £
<b>Interest receivable</b>		
Bank interest receivable	<u>-</u>	<u>18</u>
	2010 £	2009 £
<b>Interest payable</b>		
Bank overdraft interest payable	49,602	-
Other interest - on overdue tax	45	-
	<u>49,647</u>	<u>-</u>
	2010 £	2009 £
<b>Investment income</b>		
Income from investments in group companies	77,351	49,241
Amounts written off investments	(7,750)	(5,000)
	<u>69,601</u>	<u>44,241</u>