

7479919

# REVISED ACCOUNTS

Report of the Directors and

Audited Financial Statements for the Year Ended 31 December 2012

for

Orca Exploration UK Services Limited

TUESDAY



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Contents of the Financial Statements  
for the Year Ended 31 December 2012

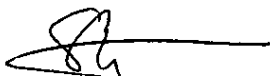
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Orca Exploration UK Services Limited (Registered number 07479919)

Statement on revised Audited Financial Statements for the Year ended 31 December 2012

We confirm that these revised accounts replace the original accounts for the year ended 31 December 2012 and that these accounts are now the statutory accounts for the company. We also confirm that the accounts have been revised at the date of the originals and not at the date of the revision and accordingly do not deal with events between those dates. The original accounts failed to reflect a material transaction which meant that they failed to give a true and fair view of the company's affairs at 31 December 2012. The transaction related to the charging of interest on group balances which was not reflected in the original accounts. The impact of the adjustment was to increase profit on ordinary activities before tax by £401,328 and Trade debtors by the same amount. The transaction resulted in an increase in the tax on profit on ordinary activities for the year and Creditors (Amounts falling due within one year) by £88,703.

S Huckerby



Director

Date . 31.12.13 . . . .

Orca Exploration UK Services Limited

Company Information  
for the Year Ended 31 December 2012

**DIRECTORS:**

S Huckerby  
D Goudant  
A Hanna

**REGISTERED OFFICE:**

Unit 3  
Royal Court  
London Road  
Winchester  
Hampshire  
SO23 7QA

**REGISTERED NUMBER:**

07479919 (England and Wales)

**AUDITORS:**

M A Northover  
Senior Statutory Auditor  
130 Bournemouth Road  
Chandlers Ford  
Eastleigh  
Hampshire  
SO53 3AL

Report of the Directors  
for the Year Ended 31 December 2012

The directors present their report with the financial statements of the company for the year ended 31 December 2012

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of providing consultancy and management services to other group companies

**REVIEW OF BUSINESS**

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect to continue to provide services to other group companies for the coming year

Given the straightforward nature of the business the company's directors are of the opinion that analysis using Key Performance Indicators is not necessary for an understanding of the development, performance or position of the business

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2012

The profit for the year after tax amounted to £410,131 The directors have not recommended the payment of a dividend

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2012 to the date of this report

S Huckerby  
D Goudant

Other changes in directors holding office are as follows

D Rollins - resigned 27 March 2012

A Hanna was appointed as a director after 31 December 2012 but prior to the date of this report

**COMPANY'S POLICY ON PAYMENT OF CREDITORS**

It is the company's policy to pay suppliers in accordance with the terms of payment agreed with the supplier At the year end trade creditors for the company are estimated as representing 80 days' purchases

**FINANCIAL INSTRUMENTS**

Details of the companies financial risk management objectives and policies are included in note 11 to the accounts

**PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risk facing the company is that it is dependant on the Orca group of companies for its continued existence Within the Orca Group there is a risk committee that meets regularly to discuss and evaluate risks and uncertainties facing the group as a whole

Report of the Directors  
for the Year Ended 31 December 2012

**GOING CONCERN**

The directors having reviewed the accounts, budgets, forward plans and made appropriate enquires, consider that the company has adequate resources to continue in the operational business for the foreseeable future and have therefore adopted the going concern basis in preparing the financial statements. However, we would draw attention to Note 1 to the accounts (future operations) which was included in the Orca Exploration Group's Consolidated Financial statements.

**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 ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

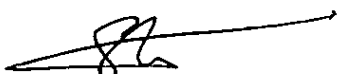
Orca Exploration UK Services Limited (Registered number 07479919)

Report of the Directors  
for the Year Ended 31 December 2012

**AUDITORS**

The auditors, M A Northover, will be proposed for re-appointment at the forthcoming Annual General Meeting

**ON BEHALF OF THE BOARD:**

A handwritten signature in black ink, appearing to be 'S Huckerby', with a long horizontal stroke extending to the right.

S Huckerby - Director

Date 31/12/13

Report of the Independent Auditors to the Members of  
Orca Exploration UK Services Limited

We have audited the financial statements of Orca Exploration UK Services Limited for the year ended 31 December 2012 on pages seven to twenty. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 three, 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 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. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**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 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Emphasis of matter**

Without modifying our opinion, we draw attention to Note 1 to the accounts (future operations) in these financial statements which describes that the group needs to collect its receivables to fund on going operations and its exploration and development program. This condition, along with other matters as set forth in note 1, indicates the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern.

**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 Members of  
Orca Exploration UK Services 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



M A Northover  
Senior Statutory Auditor  
130 Bournemouth Road  
Chandlers Ford  
Eastleigh  
Hampshire  
SO53 3AL

Date 31.12.13

Profit and Loss Account  
for the Year Ended 31 December 2012

	Notes	31 12 12 £	31 12 11 £
<b>TURNOVER</b>	2	1,765,185	1,157,633
Administrative expenses		1,642,906	1,081,762
<b>OPERATING PROFIT</b>	5	122,279	75,871
Interest receivable and similar income		401,328	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		523,607	75,871
Tax on profit on ordinary activities	6	113,476	16,175
<b>PROFIT FOR THE FINANCIAL YEAR</b>		410,131	59,696

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profits for the current year or previous year

Orca Exploration UK Services Limited (Registered number 07479919)

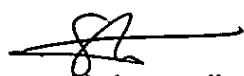
Balance Sheet

31 December 2012

	Notes	31 12 12 £	£	31.12 11 £	£
<b>FIXED ASSETS</b>					
Tangible assets	7		466,412		138,649
<b>CURRENT ASSETS</b>					
Debtors	8	3,655,459		1,235,769	
Cash at bank and in hand		229,135		231,151	
		<u>3,884,594</u>		<u>1,466,920</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	9	3,850,672		1,529,696	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			<u>33,922</u>		<u>(62,776)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			500,334		75,873
<b>PROVISIONS FOR LIABILITIES</b>	12		<u>30,505</u>		<u>16,175</u>
<b>NET ASSETS</b>			<u><u>469,829</u></u>		<u><u>59,698</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13		2		2
Profit and loss account	14		<u>469,827</u>		<u>59,696</u>
<b>SHAREHOLDERS' FUNDS</b>	17		<u><u>469,829</u></u>		<u><u>59,698</u></u>

The financial statements were approved by the Board of Directors on  
and were signed on its behalf by

31 12 13 .



S Huckerby - Director

The notes form part of these financial statements

Cash Flow Statement  
for the Year Ended 31 December 2012

	Notes	31 12 12 £	31 12 11 £
<b>Net cash outflow from operating activities</b>	1	(2,243,351)	(841,500)
<b>Returns on investments and servicing of finance</b>	2	401,328	-
<b>Capital expenditure</b>	2	(397,491)	(142,314)
		<u>(2,239,514)</u>	<u>(983,814)</u>
<b>Financing</b>	2	<u>2,237,498</u>	<u>1,214,965</u>
<b>(Decrease)/increase in cash in the period</b>		<u><u>(2,016)</u></u>	<u><u>231,151</u></u>
<hr/>			
<b>Reconciliation of net cash flow to movement in net funds</b>	3		
(Decrease)/increase in cash in the period		<u>(2,016)</u>	<u>231,151</u>
Change in net funds resulting from cash flows		<u>(2,016)</u>	<u>231,151</u>
<b>Movement in net funds in the period</b>		<u>(2,016)</u>	<u>231,151</u>
<b>Net funds at 1 January</b>		<u>231,151</u>	<u>-</u>
<b>Net funds at 31 December</b>		<u><u>229,135</u></u>	<u><u>231,151</u></u>

The notes form part of these financial statements

Notes to the Cash Flow Statement  
for the Year Ended 31 December 2012

**1 RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	31 12 12	31 12 11
	£	£
Operating profit	122,279	75,871
Depreciation charges	69,728	3,665
Increase in debtors	(2,419,690)	(1,235,769)
(Decrease)/increase in creditors	(15,668)	314,733
<b>Net cash outflow from operating activities</b>	<b>(2,243,351)</b>	<b>(841,500)</b>

**2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	31 12 12	31 12 11
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	401,328	-
<b>Net cash inflow for returns on investments and servicing of finance</b>	<b>401,328</b>	<b>-</b>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(397,491)	(142,314)
<b>Net cash outflow for capital expenditure</b>	<b>(397,491)</b>	<b>(142,314)</b>
<b>Financing</b>		
New loans from group companies	2,237,498	1,214,963
Share issue	-	2
<b>Net cash inflow from financing</b>	<b>2,237,498</b>	<b>1,214,965</b>

The notes form part of these financial statements

Notes to the Cash Flow Statement  
for the Year Ended 31 December 2012

**3 ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 1 12 £	Cash flow £	At 31 12.12 £
Net cash			
Cash at bank and in hand	231,151	(2,016)	229,135
	<u>231,151</u>	<u>(2,016)</u>	<u>229,135</u>
 Total	 <u>231,151</u>	 <u>(2,016)</u>	 <u>229,135</u>

The notes form part of these financial statements

Notes to the Financial Statements  
for the Year Ended 31 December 2012

**1 ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

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

**Accounting convention**

The financial statements have been prepared under the historical cost convention

**Turnover**

Turnover represents net invoiced sales of services, excluding value added tax

**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	- 33% on cost
Fixtures and fittings	- 25% on cost

Tangible fixed assets comprises the company's equipment and fixtures and fittings carried at cost less any accumulated depreciation. Cost is purchase price plus any directly attributable costs

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2012

**1 ACCOUNTING POLICIES - continued**

**Future operations**

The following note was included in the Group's Consolidated financial statements

"These financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the company will continue in operation for the foreseeable future and be able to realise its liabilities and commitments in the normal course of business.

The ability of the company to continue as a going concern is dependant on the ability of other companies in the Orca Group to collect receivables from Tanzanian government entities to fund on-going operations and an exploration and development program. The continuing weakness in the financial position of the state utility, "TANESCO", has created uncertainty as to whether the Orca Group will be able to collect cash to continue operations and meet its commitments.

Working closely with the Government, Orca Group management remains confident that the Government will ensure that TANESCO will ultimately settle its debts. In the event that the group does not collect from TANESCO the outstanding receivables as at 30 September 2013 and TANESCO continues to be unable to pay the company for subsequent 2013 gas deliveries, the company will need additional funding for its on-going operations within three to four months of the date of this report. There are no guarantees that such additional funding will be available when needed, or will be available on suitable terms."

**2 TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

**3 STAFF COSTS**

	31 12 12	31 12 11
	£	£
Wages and salaries	748,688	718,155
Social security costs	123,601	66,851
	<u>872,289</u>	<u>785,006</u>

The average monthly number of employees during the year was as follows

	31 12 12	31 12 11
Administration and support	<u>5</u>	<u>3</u>



Notes to the Financial Statements - continued  
for the Year Ended 31 December 2012

**4 DIRECTOR'S EMOLUMENTS**

Director's emoluments in the year totalled £113,483 and were all paid to one director, Dale Rollins

**5 OPERATING PROFIT**

The operating profit is stated after charging

	31 12 12	31 12 11
	£	£
Other operating leases	183,463	78,318
Depreciation - owned assets	69,728	3,665
Auditors' remuneration	4,000	4,000
	<u>          </u>	<u>          </u>

**6 TAXATION**

**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows

	31 12 12	31 12 11
	£	£
Current tax		
UK corporation tax	99,146	-
Deferred tax	14,330	16,175
	<u>          </u>	<u>          </u>
Tax on profit on ordinary activities	<u>113,476</u>	<u>16,175</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2012

**6 TAXATION - continued**

**Factors affecting the tax charge**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	31 12 12	31 12 11
	£	£
Profit on ordinary activities before tax	523,607	75,871
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.900% (2011 - 21%)	114,670	15,933
Effects of		
Expenses not deductible for tax purposes	338	243
Capital allowances in excess of depreciation	(9,892)	(22,004)
Utilisation of tax losses	(5,970)	5,828
Current tax charge	99,146	-

**Factors that may affect future tax charges**

Deferred tax is provided in full using the liability method, on all timing differences that have originated but not reversed by the balance sheet date which give rise to an obligation to pay more or less tax in the future. Differences are defined as the differences between carrying value of assets and liabilities and their tax base.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the asset can be utilised.

Deferred tax is calculated using tax rates that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled on the basis of the tax laws enacted or substantially enacted at the balance sheet date.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2012

**7 TANGIBLE FIXED ASSETS**

	Plant and machinery £	Fixtures and fittings £	Totals £
<b>COST</b>			
At 1 January 2012	8,314	134,000	142,314
Additions	42,977	354,514	397,491
	<hr/>	<hr/>	<hr/>
At 31 December 2012	51,291	488,514	539,805
	<hr/>	<hr/>	<hr/>
<b>DEPRECIATION</b>			
At 1 January 2012	873	2,792	3,665
Charge for year	8,577	61,151	69,728
	<hr/>	<hr/>	<hr/>
At 31 December 2012	9,450	63,943	73,393
	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUE</b>			
At 31 December 2012	41,841	424,571	466,412
	<hr/>	<hr/>	<hr/>
At 31 December 2011	7,441	131,208	138,649
	<hr/>	<hr/>	<hr/>

**8 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31 12 12 £	31 12 11 £
Trade debtors	3,324,146	1,157,633
Other debtors	205,777	18,716
VAT	109,188	59,420
Prepayments	16,348	-
	<hr/>	<hr/>
	3,655,459	1,235,769
	<hr/>	<hr/>

Trade debtors includes amounts owed by group undertakings of £3,324,146 (2011 - £1,157,633) The amounts are unsecured and carry an interest charge of 2% per month for unpaid balances Interest charged in the year in respect of outstanding unpaid balances totalled £401,328

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2012

**9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31 12 12	31 12 11
	£	£
Trade creditors	275,695	54,732
Amounts owed to group undertakings	3,452,461	1,214,963
Tax	99,146	-
Social security and other taxes	-	33,307
Other creditors	16,875	219,867
Accruals and deferred income	6,495	6,827
	<u>3,850,672</u>	<u>1,529,696</u>

Amounts due to group undertakings are unsecured, interest free and repayable on demand

**10 OPERATING LEASE COMMITMENTS**

The following operating lease payments are committed to be paid within one year

	Land and buildings	
	31 12 12	31 12 11
	£	£
Expiring		
Within one year	53,240	197,540
Between one and five years	239,558	17,750
	<u>292,798</u>	<u>215,290</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2012

**11 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The company holds or issues financial instruments in order to achieve the objectives of financing its operations and for trading purposes. In addition various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the company's operations.

Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below,

**Liquidity risk**

The company actively manages cash balances to ensure there are sufficient available funds for operations and new projects.

**Credit risk**

The company has no significant credit risk with all sales being made to the parent company. Amounts shown in the balance sheet represent the maximum credit risk exposure in the event that the parent company fails to perform its obligations under financial instruments.

**Currency risk**

The company invoices for its services in US dollars. The company is exposed to foreign exchange risks primarily with respect to US Dollars. The company seeks to minimise the exposure of this by maintaining cash reserves in its operating currency as a natural hedge against currency fluctuations.

**12 PROVISIONS FOR LIABILITIES**

	31 12 12	31 12 11
	£	£
Deferred tax		
Accelerated capital allowances	30,505	22,004
Tax losses carried forward	-	(5,829)
	<u>30,505</u>	<u>16,175</u>
		Deferred tax
		£
Balance at 1 January 2012		16,175
Charge to profit and loss account during year		14,330
		<u>30,505</u>
Balance at 31 December 2012		<u>30,505</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2012

**13 CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid Number	Class	Nominal value £1	31 12 12 £	31 12 11 £
2	Ordinary		<u>2</u>	<u>2</u>

**14 RESERVES**

	Profit and loss account £
At 1 January 2012	59,696
Profit for the year	<u>410,131</u>
At 31 December 2012	<u>469,827</u>

**15 ULTIMATE PARENT COMPANY**

Orca Exploration Group Inc (incorporated in British Virgin Islands) is regarded by the directors as being the company's ultimate parent company

Copies of the company's accounts can be obtained from the company's registered office at PO Box 3152, Road Town, Tortola, British Virgin Islands

**16 RELATED PARTY DISCLOSURES**

**Orca Exploration Group Inc.**  
Parent Company

During the year the company has provided management services to the Parent company totalling £1,765,185 (2011 - £1,157,633) At the year end amounts owed in respect of these services totalled £3,324,146 (2011 - £1,157,633)

During the year the Parent company and another group subsidiary provided loans to the company At the year end amounts owed to other group companies was £3,452,461 (2011 - £1,214,963) The loans are interest free and repayable on demand

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2012

<b>17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</b>	<b>31 12 12</b>	<b>31 12 11</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	410,131	59,696
New share capital subscribed	-	2
Issued share capital		
	<hr/>	<hr/>
<b>Net addition to shareholders' funds</b>	<b>410,131</b>	<b>59,698</b>
Opening shareholders' funds	59,698	-
	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	<b>469,829</b>	<b>59,698</b>
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