

Regulatory Story

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Company Westmount Energy Limited
TIDM WTE
Headline Final Results
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Westmount Energy Limited ("Westmount" or the "Company") Final Results

The Company is pleased to announce its Final Results for the year ended 30 June 2011. A copy of the results is available on the Company's website, www.westmountenergy.com, and will be posted to shareholders by 18 November 2011.

Notice is hereby given that the Annual General Meeting of Westmount will be held at 26 New Street, St. Helier, Jersey, JE2 3RA Channel Islands on Wednesday 14 December 2011 at 11.45 am.

CHAIRMAN'S REVIEW

The past year has been a period of great financial turbulence which has seen a flight from what are perceived as Risk Assets and this has resulted in a reduction in the value of our holdings. Additionally the drilling results of our two major holdings namely Sterling Energy Plc and Desire Petroleum Plc have been disappointing.

Sterling:

Sterling has been fully funded for the exploration well in Kurdistan but after nearly eighteen months of problems and difficulties the well was plugged and abandoned. Sterling remains well financed with some \$100 million of cash plus the cash flow from Mauritania which more than covers the overheads. Sterling has recently announced that they had sold 50% of their stake in the Cameroon field in return for a contribution to past costs and a commitment to fully fund the joint development including drilling one exploration well. The Border dispute has not yet been settled and so the programme remains suspended until further progress on this issue.

Desire:

Desire completed its five well programme on its North Falkland licence acreage without a discovery and has subsequently completed its Seismic logging programme to enhance its knowledge of the field's geology. Desire would need to raise further finance to drill any additional wells. On the 12 October Rockhopper announced that it had agreed a Farm In with

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Desire on their licence area adjacent to Rockhopper's Sea Lion discovery which for fully funding the drilling costs of one well will earn a forty per cent interest in that well. The recent Rockhopper drilling results give cause for optimism concerning Desire's acreage adjacent to the Sea Lion discovery.

Argos Resources Plc:

Argos, our remaining holding, has now completed the Seismic mapping of its Licences revealing a number of interesting targets and if it is to commence drilling will have to raise fresh capital, or find a partner to fund the exploration campaign in exchange for a stake in the acreage.

The Future:

In all my previous statements in both the Interim and Final Reports I have indicated that it was your Boards intention to investigate various alternatives that would create on-going value for our shareholders as an alternative to returning capital to our shareholders. We will continue with this policy during the coming year.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011**

	<i>Notes</i>	<i>30 June 2011 £</i>	<i>30 June 2010 £</i>
Realised gain on disposal of investments		1,499,314	1,612,003
Unrealised (loss)/gain on financial assets at fair value though profit or loss		(4,488,522)	3,046,569
Administrative expenses		(334,523)	(333,784)
Operating (loss)/profit		(3,323,731)	4,324,788
Interest receivable		4,429	3,703
(Loss)/profit before tax		(3,319,302)	4,328,491
Taxation	3	-	-
Comprehensive (loss)/income for the year		(3,319,302)	4,328,491
Basic (loss)/gain per share (pence)	4	(46.06)	62.01
Diluted (loss)/gain per share (pence)	4	-	58.76

The Company has no items of other comprehensive income.

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

As at

As at

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	<i>Notes</i>	<i>30 June 2011</i> £	<i>30 June 2010</i> £
ASSETS			
Non Current Assets			
Financial assets at fair value through profit or loss	5	<u>1,298,215</u>	<u>5,485,350</u>
Current Assets			
Trade and other receivables	6	7,228	7,015
Cash and cash equivalents	7	<u>291,519</u>	<u>2,515,599</u>
		<u>298,747</u>	<u>2,522,614</u>
Total assets		<u><u>1,596,962</u></u>	<u><u>8,007,964</u></u>
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	8	<u>278,302</u>	<u>210,507</u>
EQUITY			
Share capital	9	1,506,060	1,396,060
Share premium account	10	248,524	261,682
Share option account	10	334,205	277,210
Profit and loss account		<u>(770,129)</u>	<u>5,862,505</u>
Total equity		<u>1,318,660</u>	<u>7,797,457</u>
Total liabilities and equity		<u><u>1,596,962</u></u>	<u><u>8,007,964</u></u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011**

	<i>Share capital Account</i> £	<i>Share Premium Account</i> £	<i>Share Option Account</i> £	<i>Retained Earnings</i> £	<i>Total Equity</i> £
As at 1 July 2009	<u>1,396,060</u>	<u>261,682</u>	<u>244,363</u>	<u>1,534,014</u>	<u>3,436,119</u>
Comprehensive Income					
Profit for the year ended 30 June 2010	-	-	-	4,328,491	4,328,491
Transaction with owners					
Cost of share options	-	-	32,847	-	32,847
	-	-	<u>32,847</u>	-	<u>32,847</u>

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At 30 June 2010	1,396,060	261,682	277,210	5,862,505	7,797,457
Comprehensive Income					
Loss for the year ended 30 June 2011	-	-	-	(3,319,302)	(3,319,302)
Transaction with owners					
Issue of ordinary shares	110,000	-	-	-	110,000
Premium on ordinary shares issued	-	89,250	-	-	89,250
Issue of B shares	75,303	(75,303)	-	-	-
Redemption of B shares	(75,303)	-	-	(3,313,332)	(3,388,635)
Redemption costs	-	(27,105)	-	-	(27,105)
Cost of share options	-	-	56,995	-	56,995
	110,000	(13,158)	56,995	(3,313,332)	(3,159,495)
At 30 June 2011	1,506,060	248,524	334,205	(770,129)	1,318,660

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011**

	<i>Note</i>	<i>30 June 2011</i> £	<i>30 June 2010</i> £
Cash Flows from operating activities			
Total comprehensive (loss)/income for the year		(3,319,302)	4,328,491
Adjustment for interest income		(4,429)	(3,703)
Adjustment for net unrealised loss/(gain) on investments at fair value through profit or loss		4,488,522	(3,046,569)
Adjustment for costs attributable to share options		56,995	32,847
Adjustment for realised gains on investments at fair value through profit or loss		(1,499,314)	(1,612,003)
(Increase)/decrease in prepayments and accrued income		(213)	3,525
Increase in creditors and accrued expenses		67,795	38,130
Net cash outflows from operating activities		<u>(209,946)</u>	<u>(259,282)</u>
Cash Flows from investment activities			
Purchase of investments		(1,024,786)	(1,874,656)
Sale of investments		2,222,713	3,772,178
Interest received		4,429	3,703
Net cash generated from investing activities		<u>1,202,356</u>	<u>1,901,225</u>

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Cash flows from financing activities

Ordinary shares issued	199,250	-
Redemption of B class shares	(3,415,740)	-
Net cash used in financing activities	<u>(3,216,490)</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	<u>(2,224,080)</u>	<u>1,641,943</u>
Cash and cash equivalents at beginning of year	<u>2,515,599</u>	<u>873,656</u>
Cash and cash equivalents at end of year	<u>7</u>	<u>2,515,599</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1. GENERAL INFORMATION AND STATEMENTS OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

Westmount Energy Limited (the "Company") operates solely as an energy investment company. The investment strategy of the Company is to provide seed capital to small companies that are identified as having significant growth possibilities. These investments are usually sold subsequent to flotation or when a significant third party offer is available, which values such a stake as attractive both for price and market reasons.

The Company was incorporated in Jersey on 1 October 1992 under the Companies (Jersey) Law 1991, as amended, and is a public Company with registered number 53623. The Company is listed on the London Stock Exchange Alternative Investment Market (AIM).

Basis of Preparation

The financial statements have been prepared under the historical cost convention with the exception of investments measured at fair value and are in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, including standards and interpretations issued by the International Accounting Standards Board (IASB).

The financial statements for the year ended 30 June 2011 (including comparatives) were approved by the board of directors on 16 November 2011.

2. ACCOUNTING POLICIES

The significant accounting policies that have been applied in the preparation of these financial statements are summarised below. These accounting policies have been used throughout all periods presented in the financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

At the date of the authorisation of these financial statements, the following new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Company. The standards below are not expected to affect the financial position of the Company, however they

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will require additional disclosure in the future financial statements.

- IAS 1 (improvements to IFRSs 2010) Presentation of Financial Instruments, effective for annual periods beginning on or after 1 January 2011
- IAS 1 Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented, effective for annual periods beginning on or after 1 July 2011
- IFRS 7 Financial Instruments: Disclosure - Annual improvements to IFRSs, effective for annual period beginning on or after 1 January 2011.
- IFRS 7 Financial Instruments: Disclosure - Amendments enhancing disclosures about transfer of financial assets, effective for annual period beginning on or after 1 July 2011.
- IFRS 9 (revised April 2009) Financial Instruments - Classification and Measurement, effective for annual periods beginning on or after 1 January 2013
- IFRS 13 Fair Value Measurement, effective for annual period beginning on or after 1 July 2013.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and exercise of judgement by the management while applying the Company's accounting policies in relation to the value of options issued, as set out in note 10. These estimates are based on the management's best knowledge of the events which existed at the date of issue and the balance sheet date however, the actual results may differ from these estimates.

Foreign currency

a) Functional and presentational currency

The functional currency of the Company is United Kingdom Sterling, the currency of the primary economic environment in which the Company operates. The presentation currency of the Company for accounting purposes is also United Kingdom Sterling ("Sterling").

b) Transactions and balances

Foreign currency monetary assets and liabilities balances are translated into Sterling at the rate of exchange ruling on the last day of the Company's financial year. Foreign currency transactions are translated at the exchange rate ruling on the date of the transaction. Gains and losses arising on the currency translation are included in administrative expenses in the statement of comprehensive income in the year in which they arise.

Financial assets

The Company classifies its financial assets in the following categories:

- at fair value through profit or loss; and
- loans and receivables

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss

The Company designates its financial assets as at fair value through profit or loss (FVTPL) as the financial assets are managed on and their performance is evaluated on a fair value basis. Financial assets carried at fair value through profit or loss are initially recognised at fair value and any transactions costs are recognised in the statement of comprehensive income. Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Company commits to purchase or sell the investment.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all the risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Any gains or losses on derecognition of investments is calculated after setting the proceeds against the fair value and, in respect of a part disposal, against the fair value at the date of sale. The surplus or loss on realisation is transferred to the statement of comprehensive income.

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Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' are presented in the statement of comprehensive income in the period in which they arise.

b) **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets and are stated at cost, which is equivalent to their fair value. The Company's loans and receivables comprise 'trade and other receivables'.

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks. For the purpose of the Statement of Cash Flow, cash and cash equivalents are considered to be all highly liquid investments with maturity of three months or less at inception.

Trade and other payables

Trade and other payables are not interest bearing and are stated at their cost, which is equivalent to fair value.

Equity, reserves and dividend payments

Ordinary shares are classified as equity. Share premium includes any premiums received on issue of share capital. Transaction costs associated with the issuing of shares are deducted from share premium. Retained earnings include all current and prior period retained profits. It also includes charges related to share-based employee remuneration.

Revenue Recognition

Revenue comprises interest income from short term deposits and is recognised on an accruals basis.

Expenditure

The expenses of the Company are recognised on an accruals basis in the Statement of Comprehensive Income.

Share options

Awards of share options are recorded under IFRS 2: 'Share-based Payment'. The cost of the share options are ascribed a fair value at grant date and accounted for as an administration expense of the Company with an equal Share Option Reserve being created in the statement of changes in equity. The cost is recognised in the statement of comprehensive income over the vesting period of the award.

3. **TAXATION**

The Company is subject to income tax at a rate of 0%.

The Company is registered as an International Services Entity under the Goods and Services Tax (Jersey) Law 2007 and a fee of £200 has been paid, which has been included in administrative expenses.

4. **EARNINGS PER SHARE**

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The calculation of basic earnings per ordinary share is based on the comprehensive loss for the year of £3,319,302 (2010: gain £4,328,491). The weighted average number of shares in issue during the year was 7,206,327 (2010: 6,980,300). As explained in note 10 there are share options in issue over the Company's ordinary shares. As the exercise price of all these options at 30 June 2011 was below the average market price of the ordinary shares during the year, they would be deemed to have a dilution effect on earnings per share if the Company had made a profit. However as the Company has made a loss for the year this is not the case and therefore no diluted earnings per share has occurred.

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2011	2010
	£	£
Desire Petroleum plc ("Desire")	423,115	3,306,600
Sterling Energy plc ("Sterling")	592,500	2,178,750
Argos Resources plc ("Argos")	282,600	-
Total investments	<u>1,298,215</u>	<u>5,485,350</u>

Investments at fair value through profit or loss at 30 June 2011

	Cost	Unrealised loss	Fair value
	£	£	£
Desire Petroleum plc	1,071,438	(648,323)	423,115
Sterling Energy plc	2,589,191	(1,996,691)	592,500
Argos Resources plc	310,775	(28,175)	282,600
	<u>3,971,404</u>	<u>(2,673,189)</u>	<u>1,298,215</u>

Investments at fair value through profit or loss at 30 June 2010

	Cost	Unrealised gain/(loss)	Fair value
	£	£	£
Desire Petroleum plc	1,080,826	2,225,774	3,306,600
Sterling Energy plc	2,589,191	(410,441)	2,178,750
	<u>3,670,017</u>	<u>1,815,333</u>	<u>5,485,350</u>

On 30 June 2011 the market value of the Company's holding of 2,450,000 (2010: 3,674,000) ordinary fully paid shares in Desire, representing 0.72% (2010: 1.13%) of the issued share capital of the company was £423,115 (2010: £3,306,000) (17.27p per share (2010: 90.00p per share)). During the year, the Company disposed of 1,668,450 (2010: 2,456,610) ordinary shares in Desire, realising a profit of £1,442,935 (2010: £1,869,406) (after expenses) which is included in the Statement of Comprehensive Income.

On 30 June 2011 the market value of the Company's holding of 1,500,000 (2010: 1,500,000) ordinary fully paid shares in Sterling representing 0.68% (2010: 0.68%) of the issued share capital was £592,500 (2010: £2,178,750) (39.50p per share, (2010 145.25p per share)). On 23 December 2009, Sterling consolidated its issued shares replacing every 40 shares held in the company with one share.

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During the year, the Company disposed of 290,322 ordinary shares in Argos Resources plc, realising a profit of £56,379 (after expenses) which is included in the Statement of Comprehensive Income. On 30 June 2011 the market value of the Company's holding of 1,000,000 (2010: nil) ordinary fully paid shares in Argos was £282,600 (28.26p per share,).

6. **TRADE AND OTHER RECEIVABLES**

	2011	2010
	£	£
Prepayments	<u>7,228</u>	<u>7,015</u>

The carrying value of trade and other receivables is considered to be a reasonable approximation of its fair value.

7. **CASH AND CASH EQUIVALENTS**

	2011	2010
	£	£
Cash at bank	<u>291,519</u>	<u>2,515,599</u>

Cash and cash equivalents are considered to be highly liquid, so that book cost is considered equivalent to fair value.

8. **TRADE AND OTHER PAYABLES**

	2011	2010
	£	£
Amounts due to shareholders from returns of capital	149,827	124,437
Accrued expenses	128,475	86,070
	<u>278,302</u>	<u>210,507</u>

The carrying value of trade and other payables is considered to be a reasonable approximation of their fair value.

9. **SHARE CAPITAL**

	2011	2010
	£	£
Authorised:		
10,000,000 ordinary shares of 20p each	2,000,000	2,000,000
15,100,000 redeemable "B" shares of 1p each	<u>151,000</u>	<u>151,000</u>

	2011	2010	2011	2010
	No.	No.	£	£
Allotted, called up, fully-paid:				
	'000'	'000'		
In issue:				
Ordinary shares	<u>7,530.3</u>	<u>6,980.3</u>	<u>1,506,060</u>	<u>1,396,060</u>

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"B" Class shares

	-	-	-	-
		Ordinary shares		Ordinary shares
Movement		No.		£
Balance at 1 July 2009		6,980,300		1,396,060
Balance at 1 July 2010		<u>6,980,300</u>		<u>1,396,060</u>
Ordinary shares issued		<u>550,000</u>		<u>110,000</u>
Balance at 30 June 2011		<u>7,530,300</u>		<u>1,506,060</u>

On 31 January 2011, 550,000 ordinary shares (2010: nil) were issued as a result of the exercise of options arising from the share options granted to the Directors on 19 December 2007 and 22 December 2005. The Directors exercise all of their share options with an exercise price of 38.5p for 450,000 shares and 26p for 100,000 shares. Following the exercise of share options, ordinary shares on issue totalled 7,530,300.

On 1 February 2011 following sales of the Company's shares in Desire Petroleum plc, together with the proceeds from the exercise of the share options, the Company issued 7,530,300 fully paid redeemable "B" shares of 1p to each existing ordinary shareholder on the Company's register at 31 January 2011, with each share ranking parri passu with existing shareholdings to enable the return of capital to shareholders of the Company equivalent to 45p per ordinary share (£3,388,635 in aggregate). These "B" shares were redeemed on 2 February 2011.

10. SHARE PREMIUM AND SHARE OPTIONS

	Share Premium Account £	Share option Account £
1 July 2009	<u>261,682</u>	<u>244,363</u>
Cost of share options	-	32,847
At 30 June 2010	<u>261,682</u>	<u>277,210</u>
Cost of share options	-	56,995
Premium on ordinary shares issued	89,250	-
B Class shares issued	(75,303)	-
Redemption costs	(27,105)	-
At 30 June 2011	<u>248,524</u>	<u>334,205</u>

As at 30 June 2011, options were outstanding over 250,000 (2010: 800,000) ordinary 20p shares, with a weighted average exercise price of 17p (2010: 44.28p). The options are exercisable at the election of the option holder, expiring 31 December 2016.

As at 30 June 2011 250,000 (2010: 250,000) of the options were exercisable at a weighted average exercise price (adjusted) of 17p. At 30 June 2010 450,000 of the options were exercisable at a price of 38.5p and 100,000 of the options were exercisable at a price (adjusted) of 26p. These options were exercised in February 2011 as discussed in note 9.

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The options granted in September 2009, were re-priced by a deduction of 45 pence from the original grant price to take into account the return of capital made to shareholders by the issue and redemption of B shares made during the financial year. The deduction of 45 pence accorded with the advice received by the Board from Ogier.

There were no share options granted during the year. Share options were granted during the year ended 30 June 2010 over 250,000 shares at a weighted average price of 62p, now adjusted to 17p as discussed above. The fair value of those options granted was £128,111 and was calculated using the Black Scholes valuation model. At the date of grant the volatility of the Company was estimated as 40.2651% and was calculated as the standard deviations of daily historical continuously compounded returns over a period commensurate with the expected life of the options, back from the date of grant, and annualised by the factor of square root 252, assuming 252 trading days per year. The risk-free rate was 2.81815% and is the yield to maturity on the date of grant of a UK Gilt Strip, with term to maturity equal to the life of the option. The expected life of the options is 5.14 years and is estimated as the mid-point between the date of grant and the date of expiry of the option.

On 28 January 2011 the options were re assessed as a result of the re pricing. The incremental fair value was assessed at £56,479 such that the total value of the options was £184,590. The incremental value was allocated over the remaining vesting period. The share options are ascribed a total expense for the year ended 30 June 2011 of £56,995 (2010: £32,847).

11. FINANCIAL RISK

The Company's investment activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

a) Market Risk

i) Foreign exchange risk

The Company is not exposed directly to foreign exchange risk as it invests in companies listed on the London Stock Exchange, denominated in Sterling and has cash balances denominated in Sterling.

ii) Price Risk

Price risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate due to changes in market prices. The Company is exposed to price risk on the investments held by the Company and classified by the Company on the Statement of Financial Position as fair value through profit or loss. To manage its price risk Management closely monitor the activities of the underlying investments.

The Company's exposure to price risk is as follows:

	Cost	Fair Value
Fair Value Through Profit or Loss, as at 30 June 2011	3,971,404	1,298,215
Fair Value Through Profit or Loss, as at 30 June 2010	3,670,017	5,485,350

The Company's investments are all publicly traded and listed on the Alternative Investment Market ("AIM"). The Company's sensitivity to a 15% increase/(decrease) in market price would be £194,732 / (£194,732) (2010: £822,803/(£822,803)). A positive number indicates an increase in the net assets attributable to ordinary share holders and a negative number indicated a decrease. The 15% increase/(decrease) on the net assets attributable to ordinary share holders would have the same impact on the post tax profit for the year. 15% represents management's assessment of a reasonably possible change in the market prices.

iii) Interest rate risk

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Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not significantly exposed to interest rate risk as it does not have any borrowings, however, the Company does have short term (<3 months) cash deposits, which exposes the company to effects of fluctuations in the prevailing levels of market interest rates on its cashflow.

An increase in the interest rates of 1% would cause the Company's net financial assets to increase by £1,417 (2010: £23,912). An equal change in the opposite direction would have decreased the net assets attributable to shareholders by an equal but opposite amount. 1% represents the Management's assessment of a reasonably possible change in interest rates.

The following table summarises the Company's exposure to interest rate risks.

**Interest rate risk profile
As at 30 June 2011**

	Up to 1 year	Over 1 year	Non-interest bearing	Total £
Assets				
Trade and other receivables	-	-	7,228	7,228
Cash and cash equivalents	291,519	-	-	291,519
	<u>291,519</u>	<u>-</u>	<u>7,228</u>	<u>298,747</u>
Liabilities				
Trade and other payables	149,827	-	128,476	278,303

As at 30 June 2010

	Up to 1 year	Over 1 year	Non-interest bearing	Total £
Assets				
Trade and other receivables	-	-	7,015	7,015
Cash and cash equivalents	2,515,599	-	-	2,515,599
	<u>2,515,599</u>	<u>-</u>	<u>7,015</u>	<u>2,522,614</u>
Liabilities				
Trade and other payables	124,436	-	86,071	210,507

b) Credit Risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet commitments it has entered into with the Company. The carrying amounts of the financial assets best represent the maximum credit exposure at the end of the reporting period. This also relates to the financial assets carried at cost, as they have a short term to maturity.

The Directors do not believe the Company is subject to any significant credit risk exposure regarding investments and trade receivables. The credit risk for cash and cash equivalents is considered negligible, since the counterparty is a reputable bank with high quality external credit ratings.

At the end of the reporting period, the Company's financial assets exposed to credit risk amounted to the following:

	2011 £	2010 £
Investments at Fair Value Through Profit or Loss	1,298,215	5,485,350
Trade receivables	7,228	7,015
Cash and cash equivalents	291,519	2,515,599
	<u>1,596,962</u>	<u>8,007,964</u>

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The Company considers that all the above financial assets are not impaired or past due for each of the reporting dates under review and are of good credit quality.

c) Liquidity Risk

Liquidity risk is the risk that the Company cannot meet its liabilities as they fall due. The Company's primary source of liquidity consists of cash and cash equivalents and investments held at fair value through profit or loss. The Company's investments at fair value through profit or loss are publicly traded and are deemed highly liquid. The Company also has the ability to issue additional share capital to facilitate the capital management of the Company.

The following table details the contractual, undiscounted cash flows of the Company's financial liabilities.

As at 30 June 2011

	Up to 3 months	Up to 1 year	Over 1 year	Total £
Financial liabilities				
Accrued expenses	102,225	26,250	-	128,475
Payable to shareholders	-	149,827	-	149,827
	<u>102,225</u>	<u>176,077</u>	<u>-</u>	<u>278,302</u>

As at 30 June 2010

	Up to 3 months	Up to 1 year	Over 1 year	Total £
Financial liabilities				
Accrued expenses	6,386	79,684	-	86,070
Payable to shareholders	-	124,437	-	124,437
	<u>6,386</u>	<u>204,121</u>	<u>-</u>	<u>210,507</u>

Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide optimum returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Company may issue new shares, return capital to shareholders or sell assets. The Company does not have any debt nor is the Company subject to any external capital requirements.

Fair Value Estimation

The Company has classified its financial assets as fair value through profit or loss and fair value is determined via one of the following categories.

Level I - An unadjusted quoted price in an active market provides the most reliable evidence of fair value and is used to measure fair value whenever available. As required by IFRS 7, the Company will not adjust the quoted price for these investments, (even in situations where it holds a large position and a sale could reasonably impact the quoted price).

Level II - Inputs are other than unadjusted quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level III - Inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

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The investments held by the Company fall within Level 1 as they are valued by unadjusted quoted prices.

12. DIRECTORS REMUNERATION

	2011	2011	2011
	Directors fees	Share Options	Total
	£	£	£
P J Richardson	25,000	11,399	36,399
M S D Yates (resigned 30 June 2011)	25,000	-	25,000
P R Anderson	25,000	11,399	36,399
M Bradlow (Non-Executive Chairman)	50,000	34,197	84,197
	<u>125,000</u>	<u>56,995</u>	<u>181,995</u>
	2010	2010	2010
	Directors fees	Share Options	Total
	£	£	£
P J Richardson	25,000	6,569	31,569
M S D Yates (resigned 30 June 2011)	25,000	-	25,000
P R Anderson	25,000	6,569	31,569
M Bradlow (Non-Executive Chairman)	50,000	19,709	69,709
	<u>125,000</u>	<u>32,847</u>	<u>157,847</u>

The Company does not employ any staff except for its Board of Directors. The Company does not contribute to the pensions or any other long-term incentive schemes on behalf of its Directors.

During the year no share options were granted to Directors (2010: 250,000). See note 10 for further information on share options. The Directors' remuneration is included within administration expenses in the statement of comprehensive income.

At the year end the Company owed £1,250 (2010: £1,250) to the Directors in respect of commissions on the sale of shares in Sterling Energy Limited.

13. RELATED PARTIES

During the year, legal and professional fees totalling £12,551 (2010: £3,800) were paid to Ogier, a firm in which M S D Yates is a partner, in respect of services charged as the Company's legal advisors.

Company secretary fees of £34,668 (2010: £42,242) were paid to Bedell Secretaries Limited, a company in which P R Anderson is a director.

The preparation of financial statements of the Company is undertaken by Dominion Corporate Services Limited of which P J Richardson was a key employee until 28 February 2011. During the year fees totalling £10,500 (2010: £4,000) were paid to Dominion Corporate Services Limited and £5,500 (2010: £8,000) was accrued at the year end.

Fees paid to the directors are disclosed in note 12.

14. CONTROLLING PARTY

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In the opinion of the Directors the Company does not have a controlling party.

15. **EVENTS AFTER THE REPORTING PERIOD**

On the 3 August 2011, the Company sold 100,000 ordinary shares in Sterling Energy plc for total proceeds of £38,637. On the 29 September 2011, the Company sold 100,000 ordinary shares in Sterling Energy plc for total proceeds of £39,889. On the 4 November 2011, the Company sold 50,000 ordinary shares in Sterling Energy plc for total proceeds of £21,430. At 14 November 2011, the market value of the investment was £621,875 at 49.75p per share.

At 14 November 2011, the market value of the investment in Argos Resources Limited was £197,500, at 19.75p per share and the market value of the investment in Desire Petroleum plc was £496,125 at 20.25p per share.

Enquiries

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