

**LAMBERT ENERGY ADVISORY LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2004**



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# LAMBERT ENERGY ADVISORY LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	P S Lambert J R West Lord James Hugh Rockley T I Sandvold
<b>Secretary</b>	C J Hue Williams
<b>Company number</b>	3838151
<b>Registered office</b>	43 Upper Grosvenor Street London W1K 2NW
<b>Auditors</b>	The Gallagher Partnership LLP 69/85 Tabernacle Street London EC2A 4RR
<b>Business address</b>	43 Upper Grosvenor Street London W1K 2NW
<b>Solicitors</b>	Freshfields Bruckhaus Deringer 65 Fleet Street London EC4Y 1HS

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# LAMBERT ENERGY ADVISORY LIMITED

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# LAMBERT ENERGY ADVISORY LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2004

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The directors present their report and financial statements for the year ended 31 December 2004.

### Principal activities and review of the business

The principal activity of the company is the provision of corporate finance advice to the energy industry.  
The company is regulated by the Financial Services Authority.

### Results and dividends

The results for the year are set out on page 4.

### Directors

The following directors have held office since 1 January 2004:

P S Lambert  
J R West  
Lord James Hugh Rockley  
T I Sandvold

### Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of 1p each	
	31 December 2004	1 January 2004
P S Lambert	75,001	75,001
J R West	-	-
Lord James Hugh Rockley	-	-
T I Sandvold	-	-

Mr Lambert is a trustee of Lambert Family Trust, which beneficially owns 15,000 ordinary shares of 1p each.  
Lord James Hugh Rockley was granted an option on the 28 January 2000 to purchase 2,040 ordinary shares of 1p each at an exercise price of 1p.

### Auditors

The Gallagher Partnership LLP were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

# LAMBERT ENERGY ADVISORY LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

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### Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

By order of the board



C J Hue Williams

**Secretary**

9 February 2005

# LAMBERT ENERGY ADVISORY LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LAMBERT ENERGY ADVISORY LIMITED

We have audited the financial statements of LAMBERT ENERGY ADVISORY LIMITED on pages 4 to 13 for the year ended 31 December 2004. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditor's 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 the directors and auditors**

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

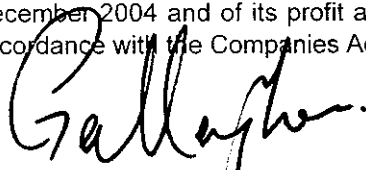
### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**The Gallagher Partnership LLP**

Chartered Accountants  
**Registered Auditors**

9 February 2005

69/85 Tabernacle Street  
London  
EC2A 4RR

# LAMBERT ENERGY ADVISORY LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	2004 £	2003 £
Turnover	2	4,452,934	2,517,640
Administrative expenses		(4,398,522)	(2,590,910)
Operating profit/(loss)	3	54,412	(73,270)
Other interest receivable and similar income		36,770	23,914
Profit/(loss) on ordinary activities before taxation		91,182	(49,356)
Tax on profit/(loss) on ordinary activities	4	(21,891)	7,047
Profit/(loss) on ordinary activities after taxation	11	69,291	(42,309)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

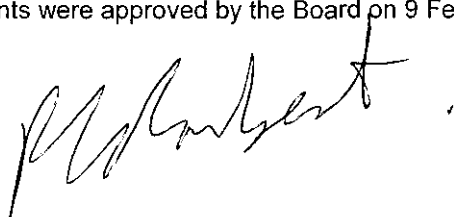
# LAMBERT ENERGY ADVISORY LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2004

	Notes	2004 £	£	2003 £	£
<b>Fixed assets</b>					
Tangible assets	5		7,593		6,032
<b>Current assets</b>					
Debtors	6	832,785		363,710	
Cash at bank and in hand		1,553,270		1,592,581	
		2,386,055		1,956,291	
<b>Creditors: amounts falling due within one year</b>	7	(1,947,658)		(1,587,494)	
<b>Net current assets</b>			438,397		368,797
<b>Total assets less current liabilities</b>			445,990		374,829
<b>Provisions for liabilities and charges</b>	8		(1,020)		850
			444,970		375,679
<b>Capital and reserves</b>					
Called up share capital	10		1,000		1,000
Share premium account	11		99,900		99,900
Profit and loss account	11		344,070		274,779
<b>Shareholders' funds - equity interests</b>	12		444,970		375,679

The financial statements were approved by the Board on 9 February 2005

P S Lambert  
Director





# LAMBERT ENERGY ADVISORY LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2004

	2004 £	2003 £
Net cash (outflow)/inflow from operating activities	(76,299)	355,985
Returns on investments and servicing of finance		
Interest received	36,770	23,914
Net cash inflow for returns on investments and servicing of finance	36,770	23,914
Taxation	6,403	(11,364)
Capital expenditure		
Payments to acquire tangible assets	(6,185)	(3,899)
Net cash outflow for capital expenditure	(6,185)	(3,899)
Net cash (outflow)/inflow before management of liquid resources and financing	(39,311)	364,636
(Decrease)/increase in cash in the year	(39,311)	364,636

# LAMBERT ENERGY ADVISORY LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2004

<b>1</b>	<b>Reconciliation of operating profit/(loss) to net cash (outflow)/inflow from operating activities</b>	<b>2004</b>	<b>2003</b>
		<b>£</b>	<b>£</b>
	Operating profit/(loss)	54,412	(73,270)
	Depreciation of tangible assets	4,624	3,276
	(Increase)/decrease in debtors	(475,271)	36,234
	Increase in creditors within one year	339,936	389,745
	<b>Net cash (outflow)/inflow from operating activities</b>	<b>(76,299)</b>	<b>355,985</b>

<b>2</b>	<b>Analysis of net funds</b>	<b>1 January 2004</b>	<b>Cash flow</b>	<b>Other non-cash changes</b>	<b>31 December 2004</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	Net cash:				
	Cash at bank and in hand	1,592,581	(39,311)	-	1,553,270
	Net funds	1,592,581	(39,311)	-	1,553,270

<b>3</b>	<b>Reconciliation of net cash flow to movement in net funds</b>	<b>2004</b>	<b>2003</b>
		<b>£</b>	<b>£</b>
	(Decrease)/increase in cash in the year	(39,311)	364,636
	<b>Movement in net funds in the year</b>	<b>(39,311)</b>	<b>364,636</b>
	Opening net funds	1,592,581	1,227,945
	<b>Closing net funds</b>	<b>1,553,270</b>	<b>1,592,581</b>

# LAMBERT ENERGY ADVISORY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

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### **1 Accounting policies**

A summary of principal accounting policies, all of which have been applied consistently throughout the year and the preceding period, is set out below.

#### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards.

#### **1.3 Turnover**

Turnover represents amounts receivable for services net of VAT.

#### **1.4 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 less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	Over 3 years
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#### **1.5 Leasing**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### **1.6 Pensions**

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

#### **1.7 Taxation**

Corporation tax payable is provided on taxable profits at the current rates.

Deferred tax is provided in full on all timing differences that result in obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on the current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations of periods different from those in which they are included in the financial statements. Deferred assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### **1.8 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

### **2 Turnover**

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

# LAMBERT ENERGY ADVISORY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

<b>3</b>	<b>Operating profit/(loss)</b>	<b>2004</b>	<b>2003</b>
		<b>£</b>	<b>£</b>
	Operating profit/(loss) is stated after charging:		
	Depreciation of tangible assets	4,624	3,276
	Loss on foreign exchange transactions	896	372
	Operating lease rentals	66,600	-
	Auditors' remuneration	3,800	3,735
		<u>          </u>	<u>          </u>
<b>4</b>	<b>Taxation</b>	<b>2004</b>	<b>2003</b>
		<b>£</b>	<b>£</b>
	<b>Domestic current year tax</b>		
	U.K. corporation tax	20,228	(6,197)
	Adjustment for prior years	(207)	-
		<u>          </u>	<u>          </u>
	<b>Current tax charge</b>	20,021	(6,197)
	<b>Deferred tax</b>		
	Deferred tax charge/credit current year	1,870	(850)
		<u>          </u>	<u>          </u>
		21,891	(7,047)
		<u>          </u>	<u>          </u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit/(loss) on ordinary activities before taxation	91,182	(49,356)
		<u>          </u>	<u>          </u>
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2003: 19.00%)	17,325	(9,378)
		<u>          </u>	<u>          </u>
	Effects of:		
	Non deductible expenses	3,082	3,399
	Depreciation add back	878	623
	Capital allowances	(1,057)	(841)
	Adjustments to previous periods	(207)	-
		<u>          </u>	<u>          </u>
		2,696	3,181
		<u>          </u>	<u>          </u>
	<b>Current tax charge</b>	20,021	(6,197)
		<u>          </u>	<u>          </u>

# LAMBERT ENERGY ADVISORY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

### 5 Tangible fixed assets

	Fixtures, fittings & equipment £
<b>Cost</b>	
At 1 January 2004	13,047
Additions	6,185
	<hr/>
At 31 December 2004	19,232
	<hr/>
<b>Depreciation</b>	
At 1 January 2004	7,015
Charge for the year	4,624
	<hr/>
At 31 December 2004	11,639
	<hr/>
<b>Net book value</b>	
At 31 December 2004	7,593
	<hr/>
At 31 December 2003	6,032
	<hr/>

### 6 Debtors

	2004 £	2003 £
Trade debtors	770,819	357,256
Corporation tax	-	6,196
Other debtors	-	258
Prepayments and accrued income	61,966	-
Deferred tax asset (see note 8)	-	850
	<hr/>	<hr/>
	832,785	364,560
	<hr/>	<hr/>

### 7 Creditors: amounts falling due within one year

	2004 £	2003 £
Corporation tax	20,228	-
Other taxes and social security costs	112,988	79,095
Directors' current accounts	397	-
Accruals and deferred income	1,814,045	1,508,399
	<hr/>	<hr/>
	1,947,658	1,587,494
	<hr/>	<hr/>

# LAMBERT ENERGY ADVISORY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

### 8 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 January 2004	(850)
Profit and loss account	1,870
	<u>1,020</u>
Balance at 31 December 2004	<u>1,020</u>

The deferred tax liability is made up as follows:

	2004 £	2003 £
Accelerated capital allowances	<u>1,020</u>	<u>(850)</u>

### 9 Pension costs

#### Defined contribution

	2004 £	2003 £
Contributions payable by the company for the year	<u>29,942</u>	<u>32,124</u>

### 10 Share capital

	2004 £	2003 £
<b>Authorised</b>		
100,000,000 Ordinary shares of 1p each	<u>1,000,000</u>	<u>1,000,000</u>
<b>Allotted, called up and fully paid</b>		
100,000 Ordinary shares of 1p each	<u>1,000</u>	<u>1,000</u>

# LAMBERT ENERGY ADVISORY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

### 11 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 January 2004	99,900	274,779
Retained profit for the year	-	69,291
Balance at 31 December 2004	<u>99,900</u>	<u>344,070</u>

### 12 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Profit/(Loss) for the financial year	69,291	(42,309)
Opening shareholders' funds	<u>375,679</u>	<u>417,988</u>
Closing shareholders' funds	<u>444,970</u>	<u>375,679</u>

### 13 Financial commitments

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2004 £	2003 £
Expiry date:		
Between two and five years	<u>66,600</u>	<u>-</u>

### 14 Directors' emoluments

	2004 £	2003 £
Emoluments for qualifying services	1,618,730	769,751
Company pension contributions to money purchase schemes	<u>16,442</u>	<u>15,994</u>
	<u>1,635,172</u>	<u>785,745</u>

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	<u>1,548,730</u>	<u>724,751</u>
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# LAMBERT ENERGY ADVISORY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

### 15 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

	2004 Number	2003 Number
Operations & administration	8	6

#### Employment costs

	£	£
Wages and salaries	3,106,008	1,802,251
Social security costs	390,004	223,098
Other pension costs	29,942	32,124
	3,525,954	2,057,473

### 16 Control

The ultimate controlling party is Mr P Lambert, an executive director.

### 17 Related party transactions

During the year the company paid £100,000 (2003- £70,000) to The Petroleum Finance Company Ltd., a 9.999% shareholder of the company and £412,813 (2003-£101,334) to Sandvold Energy AS, a company registered in Norway and controlled by Tore Sandvold. These transactions were at arms length relating to costs of general consultancy services provided to the company.