

**REGISTRAR'S  
COPY**

Company Registration No. 3929069 (England and Wales)

**ARCH OIL LIMITED**  
**DIRECTOR'S REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

**FSPG**  
**CHARTERED ACCOUNTANTS**  
**21 BEDFORD SQUARE**  
**LONDON**  
**WC1B 3HH**





# ARCH OIL LIMITED

## COMPANY INFORMATION

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<b>Director</b>	K Lynch
<b>Secretary</b>	H S (Nominees) Limited
<b>Company number</b>	3929069
<b>Registered office</b>	21 Bedford Square London WC1B 3HH
<b>Auditors</b>	FSPG 21 Bedford Square London WC1B 3HH

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# ARCH OIL LIMITED

## DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

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The director presents her report and financial statements for the year ended 31 December 2005.

### Principal activities

The principal activity is that of trading and service in the oil industry.

### Director

The following director has held office since 1 January 2005:

K Lynch

### Director's interests

The director does not have any beneficial interest in the issued share capital of the company.

Ordinary shares of £ 1 each

31 December 2005

1 January 2005

K Lynch

### Auditors

FSPG 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.

### Director's responsibilities

The director is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the director 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable her to ensure that the financial statements comply with the Companies Act 1985. She is 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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



K Lynch

Director

25 October 2006

# **ARCH OIL LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARCH OIL LIMITED**

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We have audited the financial statements of Arch Oil Limited for the year ended 31 December 2005 set out on pages 4 to 8. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

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 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 the director and auditors**

As described in the Statement of Director's Responsibilities on page 1 the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 director's 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 director's remuneration and other transactions is not disclosed.

We read the director's 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 International Standards on Auditing (UK and Ireland) 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 director 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.

# ARCH OIL LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF ARCH OIL LIMITED

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### Opinion

In our opinion the financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

FSPG



25 October 2006

Chartered Accountants  
Registered Auditor

21 Bedford Square  
London  
WC1B 3HH

# ARCH OIL LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 £	2004 £
Turnover		8,484	171,901
Administrative expenses		(7,542)	(152,594)
<b>Operating profit</b>	<b>2</b>	<b>942</b>	<b>19,307</b>
Other interest receivable and similar income	<b>3</b>	105,398	78,828
Interest payable and similar charges		(66,234)	(79,035)
<b>Profit on ordinary activities before taxation</b>		<b>40,106</b>	<b>19,100</b>
Tax on profit on ordinary activities	<b>4</b>	(12,032)	(4,348)
<b>Profit for the year</b>	<b>9</b>	<b>28,074</b>	<b>14,752</b>

# ARCH OIL LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2005

	Notes	2005 £	£	2004 £	£
<b>Current assets</b>					
Debtors	6	83,374		54,548	
Cash at bank and in hand		38,223		30,279	
		<u>121,597</u>		<u>84,827</u>	
<b>Creditors: amounts falling due within one year</b>	7	(16,393)		(7,697)	
<b>Total assets less current liabilities</b>		<u>105,204</u>		<u>77,130</u>	
<b>Capital and reserves</b>					
Called up share capital	8		1		1
Profit and loss account	9	105,203		77,129	
<b>Shareholders' funds</b>		<u>105,204</u>		<u>77,130</u>	

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Approved by the Board for issue on 25 October 2006



K Lynch  
Director



# ARCH OIL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

#### 1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### 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:

Plant and machinery	20% straight line
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#### 1.5 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.

<b>2 Operating profit</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Operating profit is stated after charging:		
Depreciation of tangible assets	-	1,126
Auditors' remuneration	-	8,207
Director's emoluments	-	40,769
	<u>          </u>	<u>          </u>
<b>3 Investment income</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Other interest	105,398	78,828
	<u>          </u>	<u>          </u>
<b>4 Taxation</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
<b>Domestic current year tax</b>		
U.K. corporation tax	12,032	4,348
	<u>          </u>	<u>          </u>
<b>Current tax charge</b>	<u>12,032</u>	<u>4,348</u>

# ARCH OIL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

### 5 Tangible fixed assets

Plant and  
machinery etc

£

#### Cost

At 1 January 2005 & at 31 December 2005

2,060

#### Depreciation

At 1 January 2005 & at 31 December 2005

2,060

#### Net book value

At 31 December 2005

-

### 6 Debtors

2005

2004

£

£

Amounts owed by parent company

83,374

54,548

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

2005

2004

£

£

Bank loans and overdrafts

13

104

Taxation and social security

16,380

7,593

16,393

7,697

### 8 Share capital

2005

2004

£

£

#### Authorised

100 Ordinary shares of £1 each

100

100

#### Allotted, called up and fully paid

1 Ordinary shares of £1 each

1

1

# ARCH OIL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

### 9 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2005	77,129
Profit for the year	28,074
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Balance at 31 December 2005	105,203
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### 10 Control

During both periods under review, the ultimate controlling company is Arch Limited, a company incorporated in the Bahamas and the ultimate controlling party is Mr V Grigoriants.

### 11 Related party transactions

As at the year end, the company was owed £83,374 (2004: £54,548) by Arch Limited, a company incorporated in the Bahamas. During the year fees amounting to £8,485 (2004: £167,293) were receivable from the parent company.