

Registration number 5364223

# Broadreach Advisors Limited

Directors' Report and Financial Statements  
for the Year Ended 31 December 2006



## **Broadreach Advisors Limited**

### **Contents Page**

Officers and advisers .....	1
Directors' report .....	2 to 3
Independent auditors' report .....	4 to 5
Profit and loss account .....	6
Balance sheet .....	7
Notes to the financial statements . ....	8 to 13

The following pages do not form part of the statutory financial statements

Detailed profit and loss account .....	14 to 16
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**Broadreach Advisors Limited**  
**Officers and Advisers**

<b>Directors</b>	Sir David Scholey Sir Roger Hurn
<b>Secretary</b>	EIS Haines Watts Limited (appointed 22 March 2006)
<b>Registered office</b>	3rd Floor 7 - 10 Chandos Street London W1G 9DQ
<b>Auditors</b>	Deloitte & Touche LLP Chartered Accountants London
<b>Solicitors</b>	CMS Cameron McKenna Mitre House 160 Aldersgate Street London EC1A 4DD
<b>Bankers</b>	Barclays Bank Plc 38 Hans Crescent London SW1X 0LZ
<b>Accountants</b>	EIS Haines Watts Limited 3rd Floor 7-10 Chandos Street London W1G 9DQ

**Broadreach Advisors Limited**  
**Directors' Report for the Year Ended 31 December 2006**

The directors present their report and the audited financial statements for the year ended 31 December 2006

**Principal activity**

The principal activity of the company is the provision of strategic business advice

The company was incorporated on 14 February 2005 and began trading on 13 July 2005, therefore the prior period comparatives are for 172 days

**Share capital**

On 22 March 2006 the company issued 249,999 ordinary shares of £1 each, at par, to the parent company, to provide working capital for the company

**Charitable donations**

During the year the company made a charitable donation of £2,584(2005 - £nil)

**Directors and their interests**

The directors who held office during the year were as follows

- Sir David Scholey
- Sir Roger Hurn

Neither of the directors had any interests in the shares of the company at any time during the year

The company is a wholly owned subsidiary and neither of the directors had any interests in any of the companies within the group

**Directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period ending on that date. In preparing those financial statements, directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on a 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 enable them to ensure the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

**Disclosure of information to the auditors**

In each case of each person who was a director at the time this report was approved

- so far as that director was aware there was no relevant available information of which the company's auditors were unaware, and

## **Broadreach Advisors Limited**

### **Directors' Report for the Year Ended 31 December 2006**

*continued*

- that director had taken all steps that the director ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditors were aware of that information

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

#### **Auditors**

The auditors, Deloitte & Touche LLP, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

#### **Small company provisions**

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

Approved by the Board and signed on its behalf by

*EIS Haines Watts Limited*

EIS Haines Watts Limited  
Company Secretary

Date *30 Mar 2007*

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BROADREACH ADVISORS LIMITED**

We have audited the financial statements of Broadreach Advisors Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 14. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

A handwritten signature in black ink, reading "Deloitte & Touche" followed by a stylized flourish.

**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors

London, United Kingdom

30 March 2007

**Broadreach Advisors Limited**  
**Profit and Loss Account for the Year Ended 31 December 2006**

	Note	2006 £	2005 £
Turnover	2	1,721,906	589,518
Administrative expenses		(1,565,369)	(727,801)
<b>Operating profit/(loss)</b>	3	<u>156,537</u>	<u>(138,283)</u>
Other interest receivable and similar income		1,982	816
<b>Profit/(loss) on ordinary activities before taxation</b>		<u>158,519</u>	<u>(137,467)</u>
Tax on profit/(loss) on ordinary activities	5	(48,609)	13,755
<b>Profit/(loss) for the financial year</b>	11	<u><u>109,910</u></u>	<u><u>(123,712)</u></u>

All amounts are wholly derived from continuing activities

The company has no recognised gains or losses for the year other than the results above

The notes on pages 8 to 13 form an integral part of these financial statements

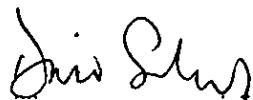


**Broadreach Advisors Limited**  
**Balance Sheet as at 31 December 2006**

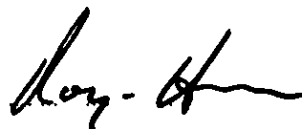
		2006		2005	
	Note	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	6		32,806		7,156
<b>Current assets</b>					
Debtors	7	136,240		105,207	
Cash at bank and in hand		<u>186,948</u>		<u>207,975</u>	
		323,188		313,182	
<b>Creditors: Amounts falling due within one year</b>	9	<u>(119,796)</u>		<u>(444,049)</u>	
<b>Net current assets/(liabilities)</b>			<u>203,392</u>		<u>(130,867)</u>
<b>Net assets/(liabilities)</b>			<u>236,198</u>		<u>(123,711)</u>
<b>Capital and reserves</b>					
Called up share capital	10		250,000		1
Profit and loss reserve	11		<u>(13,802)</u>		<u>(123,712)</u>
<b>Equity shareholders' funds/(deficit)</b>	12		<u>236,198</u>		<u>(123,711)</u>

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

Approved by the Board on 30.3.07 and signed on its behalf by



Sir David Scholey  
Director



Sir Roger Hurn  
Director

The notes on pages 8 to 13 form an integral part of these financial statements

## **Broadreach Advisors Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2006**

#### **1 Accounting policies**

##### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and Accounting Standards

##### **Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small

##### **Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax

##### **Depreciation**

Depreciation is provided on tangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows

Fixtures and fittings	20% straight line basis
Motor vehicle	20% straight line basis
Office equipment	20% straight line basis

##### **Deferred taxation**

Deferred tax is provided in full on timing differences which represent a liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income or expenditure in tax computations in periods different from those in which they are included in the financial statements

##### **Foreign currencies**

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates at the balance sheet date and the exchange differences are included in the profit and loss account

##### **Operating leases**

Rentals payable under operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged in the profit and loss account on a straight line basis over the lease term

##### **Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual agreement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

## Broadreach Advisors Limited

### Notes to the Financial Statements for the Year Ended 31 December 2006

*continued*

#### 2 Turnover

Turnover arises solely in the United Kingdom

#### 3 Operating profit/(loss)

Operating profit/(loss) is stated after charging

	2006 £	2005 £
Audit fee	12,525	7,500
Foreign currency losses	107	8,039
Depreciation of owned tangible fixed assets	7,825	146
Staff pension contributions	23,552	3,088
Operating lease costs (land and buildings)	<u>121,125</u>	<u>9,001</u>

#### 4 Directors' emoluments

The directors' emoluments and benefits in kind for the year are as follows

	2006 £	2005 £
Directors' emoluments (including benefits in kind)	<u>616,575</u>	<u>230,000</u>

The aggregate of emoluments of the highest paid director was £360,000 (2005 - £150,000)

#### 5 Taxation

Analysis of current period tax charge/(credit)

	2006 £	2005 £
<b>Current tax</b>		
Corporation tax charge	<u>35,311</u>	<u>-</u>
<b>Deferred tax</b>		
Deferred tax	<u>13,298</u>	<u>(13,755)</u>
<b>Total tax on profit/(loss) on ordinary activities</b>	<u>48,609</u>	<u>(13,755)</u>

# Broadreach Advisors Limited

## Notes to the Financial Statements for the Year Ended 31 December 2006

*continued*

### 6 Tangible fixed assets

	Fixtures and fittings £	Motor vehicle £	Office equipment £	Total £
<b>Cost</b>				
As at 1 January 2006	-	-	7,302	7,302
Additions	2,347	19,969	11,159	33,475
As at 31 December 2006	<u>2,347</u>	<u>19,969</u>	<u>18,461</u>	<u>40,777</u>
<b>Depreciation</b>				
As at 1 January 2006	-	-	146	146
Charge for the year	380	3,994	3,451	7,825
As at 31 December 2006	<u>380</u>	<u>3,994</u>	<u>3,597</u>	<u>7,971</u>
<b>Net book value</b>				
As at 31 December 2006	<u>1,967</u>	<u>15,975</u>	<u>14,864</u>	<u>32,806</u>
As at 31 December 2005	<u>-</u>	<u>-</u>	<u>7,156</u>	<u>7,156</u>

### 7 Debtors

	2006 £	2005 £
Amounts owed by related party	75,079	-
Other debtors	31,041	104,524
Prepayments and accrued income	30,120	683
	<u>136,240</u>	<u>105,207</u>

Other debtors include £457 (2005 - £13,755) in respect of a deferred taxation asset (note 8)

### 8 Deferred taxation

	2006 £	2005 £
Deferred tax asset as at 1 January 2006	13,755	-
Deferred tax (charge)/credit for year	(13,298)	13,755
Deferred tax asset as at 31 December 2006	<u>457</u>	<u>13,755</u>

# **Broadreach Advisors Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2006**

*continued*

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Excess of taxation allowances over depreciation of fixed assets	(263)	(835)
Other timing differences	720	-
Tax losses available	-	14,590
	<u>457</u>	<u>13,755</u>

### **9 Creditors: Amounts falling due within one year**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Trade creditors	27,698	20,285
Amounts owed to related party	-	335,828
Corporation tax	18,311	-
Other taxation and social security costs	43,100	35,177
Other creditors	768	-
Director's current account	368	817
Accruals	29,551	51,942
	<u>119,796</u>	<u>444,049</u>

### **10 Share capital**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
<b>Equity</b>		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
<b>Allotted, called up and fully paid</b>		
<b>Equity</b>		
250,000 (2005 - 1) Ordinary shares of £1 each	<u>250,000</u>	<u>1</u>

On 22 March 2006 the company issued 249,999 ordinary shares of £1 each, at par, to the parent company, to provide working capital for the company

# Broadreach Advisors Limited

## Notes to the Financial Statements for the Year Ended 31 December 2006

*continued*

### 11 Reserves

	Profit and loss reserve £
Balance at 1 January 2006	(123,712)
Transfer from profit and loss account for the year	109,910
Balance at 31 December 2006	<u>(13,802)</u>

### 12 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Profit/(loss) attributable to members of the company	109,910	(123,712)
New share capital subscribed	249,999	1
Net addition/(reduction) to shareholders' funds	<u>359,909</u>	<u>(123,711)</u>
Opening equity shareholders' deficit	<u>(123,711)</u>	-
Closing equity shareholders' funds/(deficit)	<u>236,198</u>	<u>(123,711)</u>

### 13 Operating lease commitments

As at 31 December 2006 the company had annual commitments under non-cancellable operating leases as follows

	2006 £	2005 £
<b>Land and buildings:</b>		
Operating leases expiring within one year	<u>127,908</u>	<u>121,125</u>

## **Broadreach Advisors Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2006**

*continued*

#### **14 Related parties**

##### **Controlling entity**

The ultimate parent company is Sercial Limited which acts as a trustee for a settlement for the benefit of Sergey Popov and his family

##### **Related party transactions**

The company's total turnover for the year represents services to Sercial Limited, and the balance due from Sercial Limited at the balance sheet date is disclosed in note 7 as amounts due from related party (2005 - balance due to Sercial, note 9)