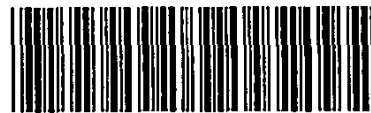


COMPANY REGISTRATION NUMBER 2880545

COMMONWEALTH & BRITISH SERVICES LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2011

TUESDAY



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COMMONWEALTH & BRITISH SERVICES LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

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COMMONWEALTH & BRITISH SERVICES LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The director	Mr Aleh Yakavitski
Company secretary	Cornhill Secretaries Ltd
Registered office	27 Berkeley Square London UK W1J 6EL
Auditor	KPMG LLP Chartered Accountants & Statutory Auditor 15 Canada Square Canary Wharf UK E14 5GL
Bankers	HSBC (Midland) 69 Pall Mall London UK SW1Y 5EY

COMMONWEALTH & BRITISH SERVICES LIMITED

THE DIRECTOR'S REPORT

YEAR ENDED 31 DECEMBER 2011

The director has pleasure in presenting his report and the financial statements of the company for the year ended 31 December 2011.

INCORPORATION

The Company was incorporated on 14 December 1993

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acted primarily in the provision of services to UK registered companies Nelson Buzachi Ltd, Nelson Petroleum (KKM) Ltd and Nelson Petroleum Arman Ltd ("Nelson companies")

RESULTS AND DIVIDENDS

The profit for the year amounted to £33,988 The director has not recommended a dividend.

The profit for 2010 amounted to £22,531

DIRECTOR

The director who served the company during the year was as follows

Mr Aleh Yakavitski

The directors have no interest in the share capital of the Company

DISCLOSURE OF INFORMATION TO AUDITORS

The director who held office at the date of approval of this directors' report confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware; and the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

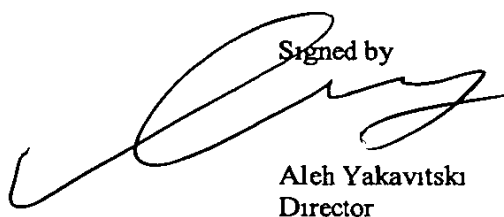
DONATIONS

The Company made no political or charitable donations or incurred any political expenditure during the year

AUDITOR

KPMG LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Registered office.
27 Berkeley Square
London
UK
W1J 6EL

Signed by

Aleh Yakavitski
Director

Approved by the director on ~~on~~ May 2012

COMMONWEALTH & BRITISH SERVICES LIMITED
STATEMENT OF DIRECTOR'S RESPONSIBILITIES
YEAR ENDED 31 DECEMBER 2011

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director 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 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,
- state whether applicable UK 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He 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.

COMMONWEALTH & BRITISH SERVICES LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
COMMONWEALTH & BRITISH SERVICES LIMITED

YEAR ENDED 31 DECEMBER 2011

We have audited the financial statements of Commonwealth & British Services Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes. 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)

RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITOR

As explained more fully in the Director's Responsibilities Statement set out on page 3, the director is 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 (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

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 2011 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.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements

COMMONWEALTH & BRITISH SERVICES LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
COMMONWEALTH & BRITISH SERVICES LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2011

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 director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



NIGEL HARKER (Senior Statutory Auditor)
For and on behalf of
KPMG LLP
Chartered Accountants & Statutory Auditor

15 Canada Square
Canary Wharf
UK
E14 5GL

11 May 2012

COMMONWEALTH & BRITISH SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2011

	Note	2011 £	2010 £
TURNOVER	2	679,741	393,969
Administrative expenses		(645,753)	(371,457)
OPERATING PROFIT	3	33,988	22,512
Interest receivable		—	19
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		33,988	22,531
Tax on profit on ordinary activities	6	—	5,998
PROFIT FOR THE FINANCIAL YEAR		33,988	28,529
Balance brought forward		91,666	63,137
Balance carried forward		<u>125,654</u>	<u>91,666</u>

All of the activities of the company are classed as continuing.

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

The notes on pages 9 to 15 form part of these financial statements

COMMONWEALTH & BRITISH SERVICES LIMITED

BALANCE SHEET

31 DECEMBER 2011

	Note	2011 £	2010 £
FIXED ASSETS			
Tangible assets	8	2,144	3,355
CURRENT ASSETS			
Debtors	9	136,502	127,004
Cash at bank and in hand		54,892	45,651
		191,394	172,655
CREDITORS: Amounts falling due within one year	10	(67,883)	(84,343)
NET CURRENT ASSETS		123,511	88,312
TOTAL ASSETS LESS CURRENT LIABILITIES		125,655	91,667
CAPITAL AND RESERVES			
Called-up equity share capital	12	1	1
Profit and loss account		125,654	91,666
SHAREHOLDER'S FUNDS	13	125,655	91,667

These financial statements were approved and signed by the director and authorised for issue on // May 2012

Aleh Yakavitski
Director

Company Registration Number. 2880545

The notes on pages 9 to 15 form part of these financial statements.

COMMONWEALTH & BRITISH SERVICES LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2011

	Note	2011 £	2010 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	14	9,638	44,955
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	14	—	19
TAXATION	14	—	5,998
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	14	—	(3,032)
INCREASE IN CASH	14	9,638	47,940

The notes on pages 9 to 15 form part of these financial statements.

COMMONWEALTH & BRITISH SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES

Basis of accounting

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

Consolidation

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated outside the EEA and in accordance with Section 401 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts

Turnover

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

Fixed assets

All fixed assets are stated at cost less accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings 5 years

Computer equipment and software 3 years

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £4,767

There were no outstanding or prepaid contributions at either the beginning or end of the financial year

COMMONWEALTH & BRITISH SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES *(continued)*

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred taxation is provided in full on timing differences. Timing differences are differences between an entity's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in financial statements. A net deferred tax asset will only be recognised where, on the basis of all available evidence, it is more likely than not that there will be suitable taxable profits from which it can be recovered. Deferred taxation is measured on an undiscounted basis at the tax rates expected to apply in the periods in which the timing differences are expected to reverse based on the tax rates and laws enacted at the balance sheet date.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below.

	2011 £	2010 £
United Kingdom	679,741	393,969

3. OPERATING PROFIT

Operating profit is stated after charging

	2011 £	2010 £
Depreciation of owned fixed assets	1,211	1,193
Operating lease costs:		
- Other	103,591	76,712
Auditor's remuneration	7,900	7,900

COMMONWEALTH & BRITISH SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to

	2011	2010
	No	No
Number of administrative staff	<u>6</u>	<u>3</u>

The aggregate payroll costs of the above were

	2011	2010
	£	£
Wages and salaries	411,933	184,540
Social security costs	52,402	20,632
Other pension costs	4,764	4,764
	<u>469,099</u>	<u>209,936</u>

5. DIRECTOR'S REMUNERATION

The director's aggregate remuneration in respect of qualifying services were

	2011	2010
	£	£
Remuneration receivable	<u>84,060</u>	<u>76,643</u>

Other than the amounts disclosed above, the director did not receive any additional employment benefits or amounts under pension schemes.

6. TAXATION ON ORDINARY ACTIVITIES

Analysis of charge in the year

	2011	2010
	£	£
Current tax		
Corporation tax	-	-
Other adjustments	-	(5,998)
Total current tax	<u>-</u>	<u>(5,998)</u>

COMMONWEALTH & BRITISH SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

7. FACTORS AFFECTING CURRENT TAX CHARGE

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 26% (2010 -28%) The differences are reconciled below

	2011 £	2010 £
Profit on ordinary activities before tax	<u>33,988</u>	<u>22,531</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28%	<u>8,837</u>	<u>6,309</u>
Amounts claimed as group relief	<u>(8,837)</u>	<u>(6,309)</u>
Adjustments to tax charge in respect of previous periods	<u>-</u>	<u>(5,998)</u>
Total	<u>-</u>	<u>(5,998)</u>

8. TANGIBLE FIXED ASSETS

	Fixtures & Fittings £	Equipment £	Total £
COST			
At 1 January 2011 and 31 December 2011	<u>1,000</u>	<u>5,778</u>	<u>6,778</u>
DEPRECIATION			
At 1 January 2011	600	2,823	3,423
Charge for the year	<u>200</u>	<u>1,011</u>	<u>1,211</u>
At 31 December 2011	<u>800</u>	<u>3,834</u>	<u>4,634</u>
NET BOOK VALUE			
At 31 December 2011	<u>200</u>	<u>1,944</u>	<u>2,144</u>
At 31 December 2010	<u>400</u>	<u>2,955</u>	<u>3,355</u>

9. DEBTORS

	2011 £	2010 £
Amounts owed by group undertakings	134,369	126,224
Prepayments and accrued income	<u>2,133</u>	<u>780</u>
	<u>136,502</u>	<u>127,004</u>

COMMONWEALTH & BRITISH SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

10. CREDITORS: Amounts falling due within one year

	2011	2010
	£	£
Overdrafts	—	397
Trade creditors	153	4,290
Amounts owed to group undertakings	31,070	30,086
Taxation and social security	26,920	25,565
Accruals and deferred income	9,740	24,005
	<u>67,883</u>	<u>84,343</u>

11. RELATED PARTY TRANSACTIONS

a) The Company was providing management services to Nelson companies throughout the year under review in pursuant of Service agreements. The Company charged the Nelson companies for 2011 services as follows

	2011	2010
	£	£
Nelson Buzachi Ltd	189,854	182,796
Nelson Petroleum Arman Ltd	94,927	91,398
Nelson Petroleum KKM Ltd	94,927	91,401
Lukoil Overseas West Project Ltd	300,033	-
	<u>679,741</u>	<u>365,595</u>

b) In accordance with a Licence agreement with a group company Lukoil Overseas UK Limited (LOUK) the Company occupies part of its offices. LOUK charges the Company for rent and other related costs. The total cost to the Company in 2011 was £125,812 (2010 - £109,654) of which rent and rent related costs were £104,958 (2010 - £76,712)

12. SHARE CAPITAL

Authorised share capital:

	2011	2010
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2011		2010	
	No	£	No	£
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

COMMONWEALTH & BRITISH SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2011 £	2010 £
Profit for the financial year	33,988	28,529
Opening shareholder's funds	91,667	63,138
Closing shareholder's funds	125,655	91,667

14. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011 £	2010 £
Operating profit	33,988	22,512
Depreciation	1,211	1,193
Increase in debtors	(9,498)	(15,625)
(Decrease)/increase in creditors	(16,063)	36,875
Net cash inflow from operating activities	9,638	44,955

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2011 £	2010 £
Interest received	—	19
Net cash inflow from returns on investments and servicing of finance	—	19

TAXATION

	2011 £	2010 £
Taxation	—	5,998

CAPITAL EXPENDITURE

	2011 £	2010 £
Payments to acquire tangible fixed assets	—	(3,032)
Net cash outflow from capital expenditure	—	(3,032)

COMMONWEALTH & BRITISH SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

14. NOTES TO THE CASH FLOW STATEMENT *(continued)*

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2011 £	2010 £
Increase in cash in the period	9,638	47,940
	<u>9,638</u>	<u>47,940</u>
Change in net funds	9,638	47,940
Net funds at 1 January 2011	45,254	(2,686)
Net funds at 31 December 2011	<u>54,892</u>	<u>45,254</u>

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2011 £	Cash flows £	At 31 Dec 2011 £
Net cash			
Cash in hand and at bank	45,651	9,241	54,892
Overdrafts	(397)	397	-
	<u>45,254</u>	<u>9,638</u>	<u>54,892</u>
Net funds	<u>45,254</u>	<u>9,638</u>	<u>54,892</u>

15. ULTIMATE PARENT COMPANY

The Company has been a wholly owned subsidiary undertaking of Caspian Investment Resources Limited for the entire year ended 31 December 2011 which is the smallest group in which the Company's results are incorporated. The consolidated financial statements of Caspian Investment Resources Limited can be obtained from Lukoil Overseas Holdings Ltd, 1 Bolshaya Ordynka, Moscow, 115035 Russia

Caspian Investment Resources Ltd is 50% owned by OAO LUKOIL registered in Russia, address 11 Sretensky Boulevard, Moscow, Russia and 50% by Sinopec International Petroleum Exploration and Production Corporation with registered office at P22 Chaoyangmen North Street, Chaoyang District, Beijing, China, 100728.