

**COMMONWEALTH & BRITISH SERVICES LTD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**REGISTERED NUMBER 2880545**

**31 DECEMBER 2017**



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## STRATEGIC REPORT

### BUSINESS REVIEW

The Company provides management, accounting, legal and other services to Caspian Investments Resources Ltd Group Companies.

### FINANCIAL PERFORMANCE AND POSITION

The Company demonstrated steady performance throughout the year consistent with previous years with stable year end financial results. Turnover decreased slightly in line with reduction of expenses.

### PRINCIPAL RISKS AND UNCERTAINTIES

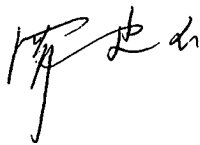
The Company does not face any significant financial risks. Liquidity is strong and cash inflow and outflow is closely monitored.

The Company relies on the activities of related parties however the related parties are undergoing restructuring and it is likely that the Company's services will no longer be required.

### FUTURE DEVELOPMENTS

The company is likely to cease trading within 12 months of the year end 2017. Please see Accounting Policies' note Going concern on page 12.

Signed by



Mr Luo Jianyu  
Director

Approved by directors on 26 September 2018

## **DIRECTORS' REPORT**

The directors present their report and financial statements for the year ended 31 December 2017.

### **ACCOUNTS PREPARATION**

These accounts have been prepared under Financial Reporting Standard 102, which means that the recognition, measurement and disclosure requirements of International Financial Reporting Standards have been applied with certain disclosures omitted per exemptions allowed under FRS 102.

### **GOING CONCERN**

The Directors intend to wind up the Company within 12 months of the year end 2017 due to ongoing group restructuring. As such, it is considered more appropriate to prepare the financial statements on a break-up basis rather than on a going concern basis. The break-up basis results in assets held by the Company at the yearend being recorded at their estimated realisable values and liabilities due at the yearend being recorded at amounts at which they will ultimately be settled. The purpose of the restructuring is to optimise the group structure and save cost.

### **RESULTS AND DIVIDENDS**

The profit for the year amounted to £ 27,761. The directors have not recommended a dividend.

The profit for 2016 amounted to £ 25,401.

### **DIRECTORS**

The directors who served during the year were as follows:

Mrs Ekaterina Kozlova

Mr Luo Jianyu

The directors have no interest in the share capital of the Company. The ultimate parent company is an overseas company and disclosure of the interests of the director in that company is not required.

### **POLITICAL CONTRIBUTIONS**

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

### **DISCLOSURE OF INFORMATION TO AUDITOR**

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

**DIRECTORS' REPORT** *(continued)*

**OTHER INFORMATION**

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 3.

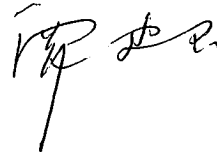
**AUDITOR**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Registered office:  
Office 307, 1<sup>st</sup> floor, 239 Kensington High Street  
London, UK, W8 6SN

Signed by

Luo Jianyu  
Director



Approved by directors on 26 September 2018

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF [THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS]**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors 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 these 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 UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so. As explained in note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

The directors are 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 them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMMONWEALTH & BRITISH SERVICES LIMITED**

## **Opinion**

We have audited the financial statements of Commonwealth & British Services Ltd ("the Company") for the year ended 31 December 2017 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet and Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## **Emphasis of matter - non-going concern basis of preparation**

We draw attention to the disclosure made in note 1 to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

## **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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 directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

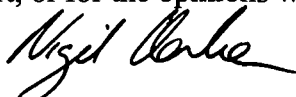
### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.



**Nigel Harker (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square, London  
E14 5 GL

26 September 2018



**PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME**  
*for year ended 31 December 2017*

		2017	2016
	Note	£	£
<b>TURNOVER</b>	<b>2</b>	<b>370,140</b>	<b>388,006</b>
Administrative expenses		(335,598)	(362,605)
Fixed assets impairment	7	(6,781)	—
		<hr/>	<hr/>
		—	—
<b>PROFIT BEFORE TAXATION</b>		<b>27,761</b>	<b>25,401</b>
Tax on profit	6	—	—
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>27,761</b>	<b>25,401</b>
		<hr/>	<hr/>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>27,761</b>	<b>25,401</b>

The operations would all be classed as discontinued given the decision to cease trading

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

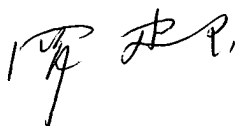
The notes on page 12 to 18 are an integral part of these financial statements.

**BALANCE SHEET**  
*at 31 December 2017*

	Note	2017 £	2016 £
<b>FIXED ASSETS</b>			
Tangible assets	7	0	8,821
<b>CURRENT ASSETS</b>			
Debtors	8	136,210	139,540
Cash at bank		181,071	139,292
		317,281	278,832
<b>CREDITORS:</b> amounts falling due within one year	9	(19,825)	(17,958)
<b>NET CURRENT ASSETS</b>		297,456	260,874
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		297,456	269,695
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	10	1	1
Profit and loss account		297,455	269,694
<b>SHAREHOLDER'S FUNDS</b>	11	297,456	269,695

These accounts were approved and signed by the directors and authorised for issue on 26 September 2018.

Mr Luo Jianyu  
 Director



Company registered number: 2880545

The notes on page 12 to 18 are an integral part of these financial statements.

## Statement of Changes in Equity

	<b>Own share reserve</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Balance at 1 January 2016	1	244,293	244,294
Income	-	25,401	25,401
<b>Total comprehensive income</b>	<b>-</b>	<b>25,401</b>	<b>25,401</b>
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<b>Balance at 31 December 2016</b>	<b>1</b>	<b>269,694</b>	<b>269,695</b>
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	<b>Own share reserve</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Balance at 1 January 2017	1	269,694	269,695
Income	-	27,761	27,761
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>27,761</b>	<b>27,761</b>
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2017</b>	<b>1</b>	<b>297,455</b>	<b>297,456</b>
	<hr/>	<hr/>	<hr/>

The notes on page 12 to 18 are an integral part of these financial statements.

## NOTES

(forming part of financial statements)

### 1. ACCOUNTING POLICIES

Commonwealth & British Services Ltd (the "Company") is a company incorporated and domiciled in the UK.

The Company is exempt by virtue of Section 401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling.

The Company is exempt from the requirement to prepare a cash flow statement and related notes and certain disclosures required by FRS 102.11 *Basic Financial Instruments* on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### Measurement convention

The financial statements are prepared on the historical cost basis.

#### Going concern

The Directors intend to wind up the Company within 12 months of the year end 2017 due to ongoing group restructuring. As such, it is considered more appropriate to prepare the financial statements on a break-up basis rather than on a going concern basis. The break-up basis results in assets held by the Company at the year end being recorded at their estimated realisable values and liabilities due at the year end being recorded at amounts at which they will ultimately be settled. The purpose of the restructuring is to optimise the group structure and save cost.

#### Turnover

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

#### Basic financial instruments

##### *Trade and other debtors*

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

*Trade and other creditors*

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash balances.

**Fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation.

**Depreciation**

The fixed assets are shown at Net Realisable Value of zero.

**Operating lease**

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

**Defined contribution pension scheme**

The Company operates a defined contribution pension scheme. The total expense relating to these plans in the current year was £8,912 (2016: £8,097).

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

## 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:

	2017	2016
	£	£
United Kingdom – rendering services	<b>370,140</b>	<b>388,006</b>

## 3. EXPENSES AND AUDITOR'S REMUNERATION

*included in profit are the following:*

	2017	2016
	£	£
Depreciation of owned fixed assets	<b>3,090</b>	3,938
Operating lease costs – office rent	<b>77,851</b>	69,679
Auditor's remuneration in respect of		
- Audit of the financial statements	<b>12,600</b>	11,900
- Taxation services	<b>6,370</b>	5,870

## 4. STAFF NUMBERS AND COSTS

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

	2017	2016
	No	No
Number of administrative staff	<b>2</b>	<b>2</b>

The aggregate payroll costs of the above were:

	2017	2016
	£	£
Wages and salaries	<b>128,506</b>	151,682
Social security costs	<b>16,957</b>	17,196
Other pension costs	<b>8,912</b>	8,097
	<b>154,375</b>	176,975

## 5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	2017	2016
	£	£
Directors' remuneration	<u>90,840</u>	<u>108,682</u>

Other than the amounts disclosed above, the directors received other benefits such as pension and medical insurance.

## 6. TAXATION

Total tax expense recognised in the profit and loss account and other comprehensive income

	2017	2016
<i>Current tax</i>		
Current tax on income for the period	-	-
Total tax	<u>-</u>	<u>-</u>

*Analysis of current tax recognised in profit and loss and other comprehensive income*

	2017	2016
Profit for the year	27,761	25,401
Tax using the UK corporation of 19.25% (2016: 20%)	5,344	5,080
Group relief not paid for	<u>(5,344)</u>	<u>(5,080)</u>
Total tax expense recognised in profit and loss	<u>-</u>	<u>-</u>

A reduction in the UK corporation tax rate from 20% to 19% effective from 1 April 2017 was substantively enacted on 26 October 2015. Further reductions to 18% (effective 1 April 2020) was also substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

**7. TANGIBLE FIXED ASSETS**

	<b>Fixtures &amp; Fittings</b>	<b>Equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
Balance at 1 January 2017	3,641	19,784	23,425
Additions	-	1,050	1,050
<b>Balance at 31 December 2017</b>	<u>3,641</u>	<u>20,834</u>	<u>24,475</u>
<b>DEPRECIATION</b>			
Balance at 1 January 2017	(1,440)	(13,164)	(14,604)
Depreciation charge for the year	(528)	(2,562)	(3,090)
Impairment	(1,673)	(5,108)	(6,781)
<b>Balance at 31 December 2017</b>	<u>(3,641)</u>	<u>(20,834)</u>	<u>(24,475)</u>
<b>NET BOOK VALUE</b>			
At 1 January 2017	<u>2,201</u>	<u>6,620</u>	<u>8,821</u>
At 31 December 2017	<u>0</u>	<u>0</u>	<u>0</u>

**8. DEBTORS**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Amounts owed by group undertakings	112,160	121,091
Prepayments and accrued income	12,411	8,466
Deposits to suppliers	11,639	9,983
	<u>136,210</u>	<u>139,540</u>

**9. CREDITORS: Amounts falling due within one year**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Trade creditors	2,925	3,421
Accruals and deferred income	16,900	14,537
	<u>19,825</u>	<u>17,958</u>



## 10. SHARE CAPITAL

### Authorised share capital:

	<b>2017</b>	<b>2016</b>
	<b>Number</b>	<b>Number</b>
<i>£1 Ordinary shares</i>	<b><u>1,000</u></b>	<b><u>1,000</u></b>

### Allotted, called up and fully paid:

	<b>2017</b>		<b>2016</b>
	<b>No</b>	<b>£</b>	<b>No</b>
	<b><u>1</u></b>	<b><u>1</u></b>	<b><u>1</u></b>
Ordinary shares of £1 each			

## 11. CAPITAL AND RESERVES

	<b>2017</b>			<b>2016</b>		
	<b>Share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>	<b>Share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Balance brought forward	<b>1</b>	<b>269,694</b>	<b>269,695</b>	<b>1</b>	<b>244,293</b>	<b>244,294</b>
Profit/loss for the financial year	<b>-</b>	<b>27,761</b>	<b>27,761</b>	<b>-</b>	<b>25,401</b>	<b>25,401</b>
Balance carried forward	<b><u>1</u></b>	<b><u>297,455</u></b>	<b><u>297,456</u></b>	<b><u>1</u></b>	<b><u>269,694</u></b>	<b><u>269,695</u></b>

### *Reconciliation of movements in shareholder's funds*

	<b>Share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Balance at 1 January 2017	<b>1</b>	<b>269,694</b>	<b>269,695</b>
Profit for the financial year	<b>-</b>	<b>27,761</b>	<b>27,761</b>
Balance at 31 December 2017	<b><u>1</u></b>	<b><u>297,455</u></b>	<b><u>297,456</u></b>

## 12. OPERATING LEASES

Non-cancellable operation lease rentals are payable as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Operating leases expiring within one year	<b>49,856</b>	<b>44,120</b>

### 13. RELATED PARTY TRANSACTIONS

The Company was providing management services to Nelson companies, fellow subsidiary undertakings, throughout the year under review in pursuant of Service agreements. The Company charged the Nelson companies for 2017 services as follows:

	2017 Amount for the period £	2016 Amount for the period £	2017 Balance outstanding £	2016 Balance outstanding £
Nelson Buzachi Ltd	185,070	194,004	56,080	60,545
Nelson Petroleum Arman Ltd	92,535	97,001	28,040	30,273
Nelson Petroleum KKM Ltd	92,535	97,001	28,040	30,273
Total	<u>370,140</u>	<u>388,006</u>	<u>112,160</u>	<u>121,091</u>

### 14. ULTIMATE PARENT COMPANY

The Company has been a wholly owned subsidiary undertaking of Caspian Investments Resources Limited for the entire year ended 31 December 2017 which is the smallest group in which the Company's results are incorporated. The consolidated financial statements of Caspian Investments Resources Limited can be obtained from its registered address at Regus Vinoly, Office 122, 1<sup>st</sup> floor, Gustav Mahlerplein 2, 1082 MA Amsterdam.

Caspian Investments Resources Ltd is 50% owned by Tiptop Energy (BVI) Corporation with registered address at Regus Vinoly, Office 122, 1<sup>st</sup> floor, Gustav Mahlerplein 2, 1082 MA Amsterdam and 50% owned by Sinopec International Petroleum Exploration and Production Corporation with registered office at 22 Chaoyangmen North Street, Chaoyang District, Beijing, China, 100728.

Publicly available financial statements are produced by Sinopec International Petroleum Exploration and Production Corporation and can be obtained from their registered office at 22 Chaoyangmen North Street, Chaoyang District, Beijing, China, 100728.