

COMPANY REGISTRATION NUMBER 07782371

# NAVITAS GLOBAL RESOURCES LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2013

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# **NAVITAS GLOBAL RESOURCES LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2013**

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# **NAVITAS GLOBAL RESOURCES LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

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### **THE BOARD OF DIRECTORS**

A Goldin  
S Grechishkin

### **REGISTERED OFFICE**

7th Floor  
13 Hanover Square  
London  
W1S 1HW

### **AUDITOR**

Menzies LLP  
Chartered Accountants  
Lynton House  
7 - 12 Tavistock Square  
London  
WC1H 9LT

# NAVITAS GLOBAL RESOURCES LIMITED

## STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2013

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In this report, Navitas Global Resources Limited is referred to as "Company"

### PRINCIPAL ACTIVITIES AND STRATEGIC REPORT

The Company's principal activities to 4 October 2013, with no change from the prior 16 months reporting period ended 31 December 2012, were holding and managing activities of two assets: Edmarnton Limited (oil assets in Mauritania) and Kura Valley Petroleum Company (oil assets in Azerbaijan). The company has been providing professional, financial and advisory services for the Company's assets after the start-up of operations. After 4 October 2013, when the two above mentioned assets were disposed of, the Company's principal activity was the provision of consultancy services.

### BUSINESS REVIEW

On 4 October 2013, the Company disposed of its controlling positions in two oil and gas exploration projects in Azerbaijan and Mauritania, it was previously overseeing the development of these two projects. The Company has continued to strengthen its relations with financial institutions including The Royal Bank of Scotland (UK), HSBC Holdings Plc (UK) and other industry international leaders. Since 4 October 2013, the Company has secured a number of consultancy agreements with a number of group companies.

The Company continues to monitor the performance of the assets and regularly reviews it at the Company's Board Meetings. The Board also receives regular management information, and cash position statements.

### FUTURE DEVELOPMENTS

The Company remains focused on the energy sector, primarily in oil and gas exploration.

### RISK MANAGEMENT

Risk management is central to how the Company runs its business and is fundamental to value creation and delivery of substantial returns to shareholders. It is an integral part of the business model and is a Board level responsibility. Below are the risks that the Company has faced during the year but may not necessarily be relevant in the future.

The Company's potential future assets are located in the Emerging and Frontier markets which will pose higher levels of political and operational risk. The Company's approach to risk and management aims to identify key risks as early as possible and to either reduce or remove those risks.

#### Macroeconomic environment

Production companies run their activities with effective local and international support.

#### Commodity price risk

Production has not yet started from the Company's assets, so the Company's management estimates commodity price risk as low.

#### Interest rate and liquidity risk

The Company does not have any loans/borrowings. It has been funded by its parent company via monetary contributions to its' Share Capital.

#### Foreign exchange risk

The Company receives funds in GBP and pays rent and services in GBP.

#### Political risk

There is no directly relevant political risk in the UK as such.

#### Environmental risk

We understand our responsibility to help/advice the Company's undertakings to properly maintain and manage their obligations to minimise their environmental impact. The Company is committed to ensure that the management of its undertakings works closely with local governments and other agencies to ensure safe procedures and operations are in place so that they remain in good standing in all communities in which they operate.

# NAVITAS GLOBAL RESOURCES LIMITED

STRATEGIC REPORT (continued)

YEAR ENDED 31 DECEMBER 2013

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## CORPORATE SOCIAL RESPONSIBILITY

The Company is committed to Corporate Social Responsibility

The Company recognises its obligations to act responsibly, ethically and with integrity in all its interactions with stakeholders be they staff, customers, suppliers, neighbours and the environment as a whole

The Company carries out regular assessments to guarantee the wellbeing of staff and visitors, in accordance with Health and Safety legislation

The Company is an Equal Opportunities Employer which promotes diversity and does not differentiate on grounds of gender, ethnicity, religion, sexual orientation or physical ability. The Company commits to being open and transparent in the interests of promoting best practice

## CHARITABLE DONATIONS

No charitable contributions or donations were made during the period

## BRANCHES OF THE BUSINESS

There are currently no branches of the business

## DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Company has agreed that it shall to the maximum extent permitted by law, but subject to any limitation imposed by law and in particular sections 232 and 234 of the Companies Act 2006, indemnify the directors against all liabilities, costs and expenses (including any legal and other reasonable professional costs and expenses) incurred by them directly arising from or in connection with the execution and discharge of their duties as directors of the Company

## POLICY ON THE PAYMENT OF CREDITORS

It is Company policy to agree and communicate clearly the terms of payment as part of the commercial arrangements negotiated with suppliers and then to pay according to these based on the timely receipt of an accurate invoice. At 31 December 2013, there were 0 days purchases outstanding in trade payables


## GOING CONCERN

The directors have considered the appropriateness of the going concern basis in the preparation of these financial statements and are satisfied that the Company is a going concern

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of JSFC Sistema, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future

The statement headed "Going Concern" on page 11 sets out certain factors considered by the directors in making this assessment

Signed on behalf of the directors



S Grechishkin

Director

Approved by the directors on

28/2/2014

# NAVITAS GLOBAL RESOURCES LIMITED

## DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2013

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The directors present their report and the financial statements of the company for the year ended 31 December 2013

### RESULTS AND DIVIDENDS

The Company's loss after taxation for the year amounted to £26,250,708. The company had £322,957 of net cash outflow from its operating activities.

The Directors do not recommend the payment of a dividend.

### DIRECTORS

The directors who served the company during the year were as follows:

A Goldin  
D Romanov  
O Bogomazova  
F Evtushenkov  
S Grechishkin  
M Gutseriev  
E Makarova  
S Poretsky  
A Shegimago

A Goldin resigned as a director on 3 June 2013 and was reappointed on 29 October 2013.

S Grechishkin was appointed as a director on 1 February 2013.

E Makarova was appointed as a director on 3 June 2013 and resigned on 29 October 2013.

S Poretsky was appointed as a director on 3 June 2013 and resigned on 29 October 2013.

A Shegimago was appointed as a director on 3 June 2013 and resigned on 29 October 2013.

D Romanov resigned as a director on 29 October 2013.

O Bogomazova resigned as a director on 28 February 2013.

F Evtushenkov resigned as a director on 3 June 2013.

M Gutseriev resigned as a director on 3 June 2013.

### STRATEGIC REPORT

The company has chosen in accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out within the company's Strategic Report the Company's Strategic Report Information Required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review and details of the principal risks and uncertainties.

### DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 period. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). 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.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the Company and the financial performance of the Company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting 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 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 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.

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# NAVITAS GLOBAL RESOURCES LIMITED

## DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2013

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### AUDITOR

Menzies LLP have been appointed as auditor for the ensuing year

Each of the persons who is a director at the date of approval of this report confirm that.

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

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

Registered office  
7<sup>th</sup> Floor  
13 Hanover Square  
London  
W1S 1HW

Signed on behalf of the directors



S Grechishkin

Director

Approved by the directors on

28/2/2014

# NAVITAS GLOBAL RESOURCES LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NAVITAS GLOBAL RESOURCES LIMITED

YEAR ENDED 31 DECEMBER 2013

We have audited the financial statements of Navitas Global Resources Limited for the year ended 31 December 2013 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's shareholders, 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are 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](http://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 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

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

Lynton House  
7 - 12 Tavistock Square  
London  
WC1H 9LT

4/3/2014

*Menzies LLP*

RALPH MITCHISON FCA (Senior  
Statutory Auditor)  
For and on behalf of  
MENZIES LLP  
Chartered Accountants  
& Statutory Auditor



# NAVITAS GLOBAL RESOURCES LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2013

	Note	Year to 31 Dec 13 £	Period from 21 Sep 11 to 31 Dec 12 £
<b>CONTINUING OPERATIONS</b>			
Revenue		223,750	-
Administrative expenses		26,528,320	1,154,177
Other operating income	7	(53,862)	(5,000)
<b>LOSS BEFORE TAX</b>	8	<u>(26,250,708)</u>	<u>(1,149,177)</u>
Tax	11	-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u>(26,250,708)</u>	<u>(1,149,177)</u>
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>		<u>(26,250,708)</u>	<u>(1,149,177)</u>
Attributable to Owners of the Parent		<u>(26,250,708)</u>	<u>(1,149,177)</u>

The notes on pages 11 to 19 form part of these financial statements

# NAVITAS GLOBAL RESOURCES LIMITED

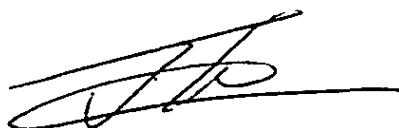
## STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2013

	Note	2013 £	2012 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	276,966	336,299
Investments	13	-	25,960,683
Other non-current assets	14	141,408	141,408
Total non-current assets		418,374	26,438,390
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	15	104,162	99,156
Trade and other receivables	16	79,554	49,769
Total current assets		183,716	148,925
<b>TOTAL ASSETS</b>		<b>602,090</b>	<b>26,587,315</b>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	20	1,000	27,476,790
Retained earnings	21	506,525	(1,149,177)
Total equity	22	507,525	26,327,613
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	17	94,565	259,702
Total current liabilities		94,565	259,702
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>602,090</b>	<b>26,587,315</b>

These accounts were approved by the directors and authorised for issue on 28/2/2014, and are signed on their behalf by

S Grechishkin  
Director



Company Registration Number 07782371

The notes on pages 11 to 19 form part of these financial statements.

# NAVITAS GLOBAL RESOURCES LIMITED

## STATEMENT OF CHANGES IN EQUITY

31 DECEMBER 2013

	Share capital £	Retained earnings £	Total equity £
<b>At 21 September 2011</b>	-	-	-
<b>Comprehensive Income</b>			
Loss for the year	-	(1,149,177)	(1,149,177)
Other comprehensive income	-	-	-
<b>Total comprehensive income for the period</b>	-	(1,149,177)	(1,149,177)
<b>Transactions with owners</b>			
Issue of share capital	27,476,790	-	27,476,790
<b>Total transactions with owners</b>	27,476,790	-	27,476,790
<b>At 31 December 2012</b>	27,476,790	(1,149,177)	26,327,613
<b>At 1 January 2013</b>	27,476,790	(1,149,177)	26,327,613
<b>Comprehensive Income</b>			
Loss for the year	-	(26,250,708)	(26,250,708)
Other comprehensive income	-	-	-
<b>Total comprehensive income for the period</b>	-	(26,250,708)	(26,250,708)
<b>Transactions with owners</b>			
Issue of share capital	430,620	-	430,620
Share capital reduction	(27,906,410)	27,906,410	-
<b>Total transactions with owners</b>	(27,475,790)	27,906,410	430,620
<b>At 31 December 2013</b>	1,000	506,525	507,525

The notes on pages 11 to 19 form part of these financial statements.

# NAVITAS GLOBAL RESOURCES LIMITED

## STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2013

	Year to 31 Dec 13		Period from 21 Sep 11 to 31 Dec 12	
	£	£	£	£
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Loss for the year (before tax)	(26,250,708)		(1 149 177)	
Depreciation of non-current assets	22,533		19,960	
Loss on disposal of fixed assets	25,960,682		-	
		(267,493)		(1,129,217)
<b>Movement in working capital</b>				
Increase in trade and other receivables	(29,785)		(49,769)	
(Decrease)/increase in trade and other payables	(25,679)		120,244	
		(55,464)		70,475
<b>Net cash used in operating activities</b>		(322,957)		(1,058,742)
<b>INVESTING ACTIVITIES</b>				
Purchases of property, plant and equipment	(1,265)		(356,259)	
Purchases of property, plant and equipment – VAT refund	38,065		-	
Payment of security deposit	-		(141,408)	
<b>Net cash generated from / (used in) investing activities</b>		36,800		(497,667)
<b>FINANCING</b>				
Issue of equity share capital	291,162		1,655,565	
<b>Net cash generated from financing activities</b>		291,162		1,655,565
<b>Net increase in cash and cash equivalents</b>		5,006		99,156
<b>Cash and cash equivalent at the beginning of the period</b>		99,156		-
<b>Cash and cash equivalent at the end of the period</b>		104,162		99,156

The notes on pages 11 to 19 form part of these financial statements.

# NAVITAS GLOBAL RESOURCES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

### 1 GENERAL INFORMATION

Navitas Global Resources Limited ("The Company") undertakes consulting activities and the Company principally operates in the United Kingdom

The company is a privately owned limited company, incorporated on 21 September 2011 and domiciled in the UK. The company's registered office is 7<sup>th</sup> Floor, 13 Hanover Square, London, W1S 1HW

### 2. IFRS'S ISSUED BUT NOT YET EFFECTIVE

The following relevant standards and interpretations were in issue at the reporting date but are not yet effective. Management do not anticipate that these will have a significant impact on the financial statements.

Standards not yet effective for the financial statements for the period ended 31 December 2013	Effective for annual periods beginning on or after
IFRS 2 Share-based payment	1 July 2014
IFRS 3 (Revised) Business combinations (January 2008)	1 July 2014
IFRS 7 Financial Instruments Disclosure	1 January 2015
IFRS 8 Operating segments	1 July 2014
IFRS 9 Financial Instruments (issued October 2010)	1 January 2015
IFRS 10 Consolidated Financial Statements	1 January 2014
IFRS 12 Disclosure of Interests in Other Entities	1 January 2014
IFRS 13 Fair Value Measurement	1 July 2014
IFRS 14 Regulatory Deferral Accounts	1 January 2016
IAS 16 Property, plant and equipment	1 July 2014
IAS 19 Employee benefits	1 July 2014
IAS 24 Related Party Disclosures	1 July 2014
IAS 27 Separate Financial Statements	1 January 2014
IAS 32 Financial Instruments Presentation	1 January 2014
IAS 36 Impairment of assets	1 January 2014
IAS 38 Intangible assets	1 July 2014
IAS 39 Financial instruments Recognition and measurement	1 January 2014
IAS 40 Investment property	1 July 2014
IFRIC 21 Levies	1 January 2014

### 3 SIGNIFICANT ACCOUNTING POLICIES

#### Basis of accounting

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and in accordance with the Companies Act 2006. The financial statements have been prepared on a historical cost basis except for the revaluation of financial instruments.

#### Going Concern

The directors confirm that they are satisfied that the Company has adequate resources to continue in business for the foreseeable future. This has been determined by a review of forecast cash flows for a period of at least twelve months from the date of approval of these financial statements.

The Company is financed through a parent company and has a consultancy agreement with its immediate parent company Siviera Invest Limited which secures future revenues.

# NAVITAS GLOBAL RESOURCES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

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### 3 SIGNIFICANT ACCOUNTING POLICIES (*continued*)

#### Foreign currency translation

The presentation and functional currency is the Great British Pounds (GBP£) as this is the main currency which influences costs incurred by the Company

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in the profit and loss for the period, except for exchange differences on non-monetary assets and liabilities, where the changes in fair value are recognised in other comprehensive income. Other non-monetary assets and liabilities are kept at the rate of exchange prevailing on the date the transaction was noted.

#### Revenue

The revenue shown in the statement of comprehensive income represents amounts receivable for goods and services provided during the year in the normal course of business, net of trade discounts, VAT and other sales and related taxes.

#### Property, plant and equipment

Property, plant and equipment comprise of vehicles, office equipment, and leasehold improvements which are recorded at cost including expenditure that is directly attributable to the acquisition of the items and depreciated over its useful economic life.

#### Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful economic lives of five to twenty years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds (if any) and the carrying amount of the asset and is recognised in profit or loss.

#### Impairment of property, plant and equipment

At each reporting date, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

#### Financial assets

##### Trade receivables

Trade receivables are classified as loans and receivables and are initially recognised at fair value. They are subsequently measured at their amortised cost using the effective interest method less any provision for impairment. A provision for impairment is made where there is objective evidence, including customers with financial difficulties or in default on payments, that amounts will not be recovered in accordance with original terms of the agreement. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flows discounted using the original effective interest rate. The carrying value of the receivable is reduced through the use of an allowance account and any impairment loss is recognised in profit or loss.

# NAVITAS GLOBAL RESOURCES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

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### 3. SIGNIFICANT ACCOUNTING POLICES (*continued*)

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and in hand and other short-term deposits held by the Company with maturities of less than three months.

Bank overdrafts are presented with current liabilities

#### *Investments*

Investments held by the Company in subsidiaries are recorded at cost at the reporting date. The carrying amount of investments is reviewed at each balance sheet date to determine whether there is any indicator of impairment. An analysis is then conducted to determine whether impairment exists. Where investments are deemed to be impaired, the impairment loss is the amount that the carrying amount of investments exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the income statement.

#### **Financial Liabilities and equity**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

#### *Trade payables*

Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

#### **Operating lease agreements**

Rentals payable under operating leases are charged to profit and loss on a straight-line basis over the terms of the relevant lease. Rental income from operating leases is recognised on a straight-line basis over the terms of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

#### **Current and deferred income tax**

The tax expense represents the sum of the current tax expense and deferred tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profits differs from the profit that is reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated by using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantially enacted by the reporting date. Deferred tax is charged or credited to statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt within equity.

#### **Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. Actual results might differ from these estimates. The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that could have a risk of causing a material adjustment include carrying value of investment, provisions and deferred tax assets.

### 4. COMMITMENTS AND CONTINGENCIES

The Directors review the facts and circumstances associated with all material potential and known liabilities as at the balance sheet date to assess the likelihood of an actual liability arising on the Company and to quantify a potential liability.

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# NAVITAS GLOBAL RESOURCES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

### 5 FINANCIAL RISK FACTORS

The Company's normal operating, investing and financing activities expose it to a variety of financial risks liquidity risk, credit risk and currency risk. The Company has in place risk management policies that seek to limit the adverse effects of the above listed risks

#### Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the Company's business activities may not be available. This risk is managed by the parent company on the Company's behalf and as such the Company has access to the resources of the parent

In addition the Company closely monitors its access to bank and other credit facilities in comparison to its outstanding commitments on a regular basis through the use of cash flow forecasts to ensure that it has sufficient funds to meet obligations of the Company as they fall due

The table below analyses the Company's financial liabilities into maturity groupings based on amounts outstanding at the balance sheet date up to the contractual maturity date

At 31 December 2013

	Less than 6 months	Between 6 months and 1 year	Between 1 to 5 years	Over 5 years	Total
	£	£	£	£	£
Trade and other payables	94,565	-	-	-	94,565
Total	94,565	-	-	-	94,565

At 31 December 2012

	Less than 6 months	Between 6 months and 1 year	Between 1 to 5 years	Over 5 years	Total
	£	£	£	£	£
Trade and other payables	259,702	-	-	-	259,702
Total	259,702	-	-	-	259,702

#### Credit risk

Credit risk is the potential exposure of the Company to loss in the event of non-performance by counterparty. The amount that best represents the maximum credit exposure of the Company's financial assets is the carrying value of the financial assets at the reporting date. The risk arises principally from other receivables and cash and cash equivalents

Management's policy is to hold cash and cash equivalent in reputable financial institutions in the UK. The Company does not have any receivables that are past due at the reporting date. No provisions for impairment are included on financial assets at the reporting date

#### Foreign currency risk

The Company has a very limited exposure to foreign exchange risk as all operations of the Company have been denominated in British Pounds

#### Interest rate risk

The Company is not exposed to interest rate risk as it does not have any borrowing facilities as at 31 December 2013, and no interest was charged on trade and other payables during 2013

### 6. CAPITAL MANAGEMENT

The Company's main objective when managing capital is to protect returns to shareholders by ensuring the Company will continue to operate in the foreseeable future

The Company considers its capital to include share capital and retained earnings and does not have any externally imposed capital requirements



# NAVITAS GLOBAL RESOURCES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

### 7. OTHER OPERATING INCOME

	Year to 31 Dec 13 £	Period from 21 Sep 11 to 31 Dec 12 £
Rental income	6,620	5,000
VAT reclaim	47,242	-
	<u>53,862</u>	<u>5,000</u>

### 8. LOSS FOR THE FINANCIAL YEAR

Loss for the financial year is stated after charging/(crediting)

	Year to 31 Dec 13 £	Period from 21 Sep 11 to 31 Dec 12 £
Depreciation of owned fixed assets	22,533	19,960
Loss on disposal of fixed assets	25,960,682	-
Auditor's fees	6,750	10,000
Operating lease costs		
- Other	132,525	238,241
Net profit on foreign currency translation	-	(1,652)
	<u>-</u>	<u>(1,652)</u>

### 9. PARTICULARS OF EMPLOYEES

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

	Year to 31 Dec 13 No	Period from 21 Sep 11 to 31 Dec 12 No
Management and administration	3	8

The aggregate payroll costs of the above were

	Year to 31 Dec 13 £	Period from 21 Sep 11 to 31 Dec 12 £
Wages and salaries	196,804	47,033
Social security costs	23,455	4,778
	<u>220,259</u>	<u>51,811</u>

# NAVITAS GLOBAL RESOURCES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

### 10. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	Year to 31 Dec 13 £	Period from 21 Sep 11 to 31 Dec 12 £
Aggregate remuneration	100,000	-

Directors of the Company received emoluments for their services as employees of other RussNeft Group or related companies

M Gutseriev	an ultimate parent of the Company – OJSC NK RussNeft until resignation on 3 June 2013
S Bakhir	an ultimate parent of the Company – OJSC NK RussNeft until resignation on 9 November 2012
O Bogomazova	a related party to the RussNeft group – GCM Global Energy Plc until resignation on 28 February 2013
F Evtushenkov	a related party to the RussNeft group – OJFC SISTEMA until resignation on 3 June 2013
A Goldin	a related party to the RussNeft group – OJFC SISTEMA
D Romanov	an ultimate parent company of the Company – OJSC NK RussNeft until resignation on 29 October 2013
Sergey Poretsky	an ultimate parent company of the Company – OJSC NK RussNeft (a director of Navitas Global Resources Limited from 3 June 2013 – 29 October 2013)
Elena Makarova	an ultimate parent company of the Company – OJSC NK RussNeft (a director of Navitas Global Resources Limited from 3 June 2013 – 29 October 2013)
Andrey Shegimago	an ultimate parent company of the Company – OJSC NK RussNeft (a director of Navitas Global Resources Limited from 3 June 2013 – 29 October 2013)

The directors do not believe that it is practical to apportion the amount paid between their services as directors of other groups companies and their services as directors of the Company

S Grechishkin was appointed on 1 February 2013 and received emoluments from the Company of £100,000 during the reporting period

### 11. TAXATION

	Year to 31 Dec 13 £	Period from 21 Sep 11 to 31 Dec 12 £
UK corporation tax on losses for the period	-	-
Loss before tax	(26,250,708)	(1,149,177)
Tax at the UK corporation tax rate of 23.25% (2012: 24.875%)	(6,103,290)	(285,858)
Fixed asset differences	70	20,503
Expenses not deductible for tax purposes	6,040,824	5,138
Income not deductible for tax purposes	(10,982)	-
Depreciation in excess of capital allowances	5,169	(15,538)
Unrelieved tax losses	68,209	275,755
Total taxation charge	-	-

There is an unrecognised deferred tax asset of £271,499 (2012: £240,513) in respect of tax losses carried forward as the directors do not anticipate suitable taxable profits to arise in the foreseeable future

# NAVITAS GLOBAL RESOURCES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

### 12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements £	Fixtures & Fittings £	Motor Vehicles £	Total £
<b>COST</b>				
At 1 January 2013	206,079	100,811	49,370	356,260
Additions	-	1,265	-	1,265
VAT adjustment	(31,837)	(6,228)	-	(38,065)
<b>At 31 December 2013</b>	<u>174,242</u>	<u>95,848</u>	<u>49,370</u>	<u>319,460</u>
<b>DEPRECIATION</b>				
At 1 January 2013	7,814	3,507	8,640	19,961
Charge for the year	7,941	4,718	9,874	22,533
<b>At 31 December 2013</b>	<u>15,755</u>	<u>8,225</u>	<u>18,514</u>	<u>42,494</u>
<b>NET BOOK VALUE</b>				
<b>At 31 December 2013</b>	<u>158,487</u>	<u>87,623</u>	<u>30,856</u>	<u>276,966</u>
At 31 December 2012	<u>198,265</u>	<u>97,304</u>	<u>40,730</u>	<u>336,299</u>

During the year, Navitas Global Resources Limited registered for VAT and has reclaimed the VAT on property, plant and equipment which were capitalised in the prior year

### 13. INVESTMENTS

	Subsidiary Undertakings £
<b>COST</b>	
At 1 January 2013	25,960,683
Disposals	(25,960,683)
<b>At 31 December 2013</b>	<u>-</u>
<b>NET BOOK VALUE</b>	
<b>At 31 December 2013</b>	<u>-</u>
At 31 December 2012	<u>25,960,683</u>

### 14. OTHER NON CURRENT ASSETS

	2013 £	2012 £
Rent deposit	141,408	141,408
	<u>141,408</u>	<u>141,408</u>

In 2011, the Company made a payment of £141,408 to Ashtone Holdings Inc as a security rent deposit recoverable upon the termination of the operating lease agreement as described in note 18

### 15. CASH AND CASH EQUIVALENTS

	2013 £	2012 £
Cash at bank	104,162	99,156
	<u>104,162</u>	<u>99,156</u>

# NAVITAS GLOBAL RESOURCES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

### 16. TRADE AND OTHER RECEIVABLES

	2013 £	2012 £
VAT recoverable	9,044	-
Other receivables	70,510	49,769
	<u>79,554</u>	<u>49,769</u>

The company's financial assets are short term in nature. In the opinion of the directors, the book values equate to the fair value.

### 17. TRADE AND OTHER PAYABLES

	2013 £	2012 £
Trade payables	-	3,969
Amounts owed to group companies	-	139,458
Other payables	94,565	116,275
	<u>94,565</u>	<u>259,702</u>

The company's financial liabilities are short term in nature. In the opinion of the directors, the book values equate to the fair value.

### 18. COMMITMENTS UNDER OPERATING LEASES

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings	
	2013 £	2012 £
Within one year	117,840	117,840
In the second to fifth years inclusive	471,360	471,360
After five years	883,800	1,001,640
	<u>1,473,000</u>	<u>1,590,840</u>

### 19. RELATED PARTY TRANSACTIONS

Related parties include shareholders, affiliates and entities under common ownership and control with the Company and members of key management personnel and directors.

During the year the company issued 430,620 ordinary shares at par to its former immediate parent company, RussNeft Cyprus Limited. Ordinary shares totalling 27,906,410 held by RussNeft Cyprus Limited were subsequently cancelled. During the year the company disposed of its investments in subsidiaries for £1 to its then immediate parent company, RussNeft Cyprus Limited.

During the year the company provided consultancy services totalling £180,000 (2012: £Nil) to its immediate parent company, Siviera Invest Limited. The balance due from Siviera Invest Limited at the year end was £Nil (2012: £Nil).

Consultancy services of £21,875 each were charged to Edmarnton Limited and Kura Valley Petroleum Company during the year, both of which were investments of the company sold before the year end. The balances due were written off during the year.

The Company's management personnel information is disclosed in note 10.

# NAVITAS GLOBAL RESOURCES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

### 20 SHARE CAPITAL

#### Authorised share capital

	2013 £	2012 £
28,320,683 Ordinary shares of £1 each	28,320,683	28,320,683

#### Allotted, called up and fully paid:

	No	£
As at 1 January 2013	27,476,790	27,476,790
Share issue on 11 January 2013 at par	139,457	139,457
Share issue on 11 April 2013 at par	116,290	116,290
Share issue on 20 May 2013 at par	174,873	174,873
Share reduction on 17 December 2013	(27,906,410)	(27,906,410)
As at 31 December 2013	1,000	1,000

### 21. RETAINED EARNINGS

	Year to 31 Dec 13 £	Period from 21 Sep 11 to 31 Dec 12 £
Balance brought forward	(1,149,177)	-
Total comprehensive income for the period	(26,250,708)	(1,149,177)
Share capital reduction	27,906,410	-
Balance carried forward	506,525	(1,149,177)

### 22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013 £	2012 £
Total comprehensive income for the period	(26,250,708)	(1,149,177)
New ordinary share capital subscribed	430,620	27,476,790
Net addition/(reduction) to shareholders' deficit	(25,820,088)	26,327,613
Opening shareholders' deficit	26,327,613	-
Closing shareholders' funds	507,525	26,327,613

### 23 ULTIMATE PARENT AND ULTIMATE CONTROLLING PARTY

Navitas Global Resources Limited was a 100% subsidiary of RussNeft Cyprus Limited, a company incorporated and domiciled in Cyprus and the Company's ultimate parent company was OJSC NK Russneft, an entity which is one of the 10 largest oil and gas companies in the Russian Federation, to 29 October 2013

From 29 October 2013, the immediate parent company is Siviera Invest Limited, a company incorporated in the British Virgin Islands, and the ultimate controlling party is Vladimir P Evtushenkov

The smallest group in which the results of the company are consolidated is JSOC Bashneft. The consolidated accounts are available to the public and may be obtained from [http://www.bashneft.com/shareholders\\_and\\_investors/finance-results](http://www.bashneft.com/shareholders_and_investors/finance-results)

The largest group in which the results of the company are consolidated is JSFC Sistema. The consolidated accounts are available to the public and may be obtained from [http://sistema.com/media/458221/3q13\\_sistema\\_results\\_final.pdf](http://sistema.com/media/458221/3q13_sistema_results_final.pdf)