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REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007
FOR
RUSSO-BRITISH CHAMBER OF COMMERCE

WEDNESDAY



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RUSO-BRITISH CHAMBER OF COMMERCE

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for the Year Ended 31 December 2007

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RUSSO-BRITISH CHAMBER OF COMMERCE

Report of the Executive Council for the Year Ended 31 December 2007

The directors present their report with the financial statements of the company for the year ended 31 December 2007

PRINCIPAL ACTIVITY

The principal activity of the company for the year ended 31 December 2007 was the facilitation of the links, investment and partnerships between UK companies and Russian companies conducting business in their respective markets

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements

During 2007, the Russo-British Chamber of Commerce continued to improve its performance, both in terms of revenue and membership. The London office saw a complete change in personnel: the Office Manager changed in June; the Executive Director in July, the Events Manager in September; the Commercial Manager in October. These changes were due to individuals wishing to move on to other activities and in no way reflect on the work of the Chamber nor the working environment. There was a new St Petersburg Director appointed in July, too.

The events programme, and associated sponsorship, benefited from increasing scale and level of engagement as well as the regular calendar cycles now established, in particular for the Business Summit (June, London) and RussiaTALK (October, Moscow).

Other activities, such as seminars and networking events, have also provided valuable opportunities for providing assistance to member companies. Trade missions to Russia, however, did not prove popular.

Membership has continued to expand and diversify. The Chamber was involved in a number of events around the country promoting doing business in Russia, especially working with other chambers of commerce and UKTI.

In FY2008, the RBCC will be seeking to expand capacity and profile and has plans for new and innovative events.

POLITICAL AND CHARITABLE CONTRIBUTIONS

There were no political or charitable contributions made in 2007.

DIRECTORS

The Directors registered with Companies House during this period were:

The Rt Hon Tim Eggar (Chairman) Chairman, Harrison, Lovegrove & Co Ltd
John Baldwin, Senior Adviser, Russia, BP plc
Trevor Barton, Vice President, the PBN Company
Godfrey Cromwell, Executive Director and Company Secretary, RBCC (resigned 16 07 07)
Stephen Dalziel, Executive Director and Company Secretary, RBCC (appointed 16 07 07)
Jan Dauman, CET
Paul Forrest, Forrest Research
Vyacheslav Kopiev, Vice Chairman, AFK Sistema
Sir Roderic Lyne, GCMG, Senior Adviser, HSBC
Roger Munnings, Managing Partner, Russia/CIS, KPMG
Paul Shale, Hon Treasurer, RBCC
Sir Andrew Wood, Senior Adviser, BP (resigned 12 07 07)
Igor Yurgens, Vice President, Russian Union of Industrialists and Entrepreneurs

Patron

HRH Prince Michael of Kent KCVO

continued .

RUSSO-BRITISH CHAMBER OF COMMERCE

Report of the Executive Council (continued) **for the year ended 31 December 2007**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

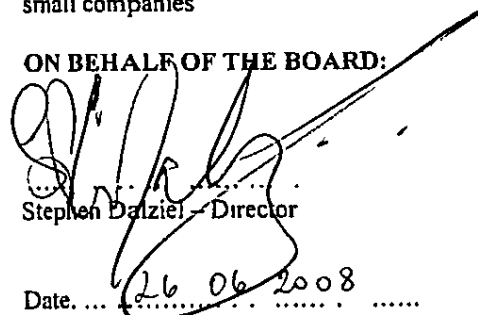
So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITOR

The auditor, Defries Weiss LLP, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

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

ON BEHALF OF THE BOARD:



Stephen Dalziel - Director

Date. ... 26 06 2008

RUSO-BRITISH CHAMBER OF COMMERCE

Report of the Independent Auditor to the Members of Russo-British Chamber of Commerce

We have audited the financial statements of Russo-British Chamber of Commerce for the year ended 31 December 2007 on pages 5 to 9. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

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 auditor

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 on page 3.

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 Report of the Directors 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 Report of the Directors 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 applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2007 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 Report of the Executive Council is consistent with the financial statements.

Defries Weiss LLP

Defries Weiss LLP
Registered Auditor
311 Ballards Lane
London
N12 8LY

Date: 24/06/08 .. .

RUSSO-BRITISH CHAMBER OF COMMERCE

Income and Expenditure Account **for the Year Ended 31 December 2007**

	<u>31 12 07</u>		<u>31 12 06</u>	
	£	£	£	£
Income:				
Members' subscriptions		407,854		393,793
Members' services		<u>542,101</u>		<u>600,768</u>
Gross income		949,955		994,561
Direct costs:				
Wages	326,967		262,245	
Other direct costs	<u>217,782</u>		<u>253,510</u>	
		<u>544,749</u>		<u>515,755</u>
		405,206		478,806
Other income:				
Bank interest		<u>3,156</u>		<u>1,885</u>
		408,362		480,691
Expenditure:				
Staff costs	54,750		67,485	
Rent, rates & office expenses	138,885		145,212	
Telephone	23,708		27,880	
Printing, postage & stationery	16,589		16,302	
Travelling & motor expenses	20,259		26,946	
Sundry expenses	2,252		1,217	
Legal & professional fees	21,073		32,073	
Bad debts	-		11,073	
Irrecoverable Russian VAT	11,495		23,593	
Bank charges & interest	1,676		1,221	
Exchange differences	(10,896)		12,031	
Depreciation	<u>9,354</u>		<u>6,670</u>	
		<u>289,145</u>		<u>371,703</u>
SURPLUS OF INCOME LESS				
EXPENDITURE BEFORE TAXATION (see note 2)		119,217		108,988
Taxation (see note 3)		<u>9,732</u>		<u>6,997</u>
SURPLUS OF INCOME LESS				
EXPENDITURE FOR THE YEAR		<u>109,485</u>		<u>101,991</u>

The notes form part of these financial statements

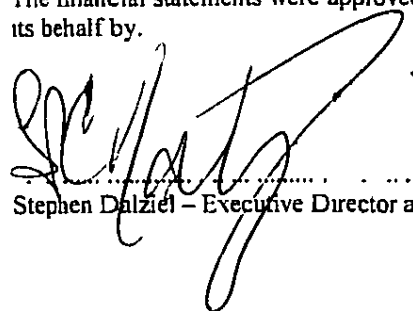
RUSSO-BRITISH CHAMBER OF COMMERCE

Balance Sheet
31 December 2007

	Notes	31 12.07 £	£	31.12 06 £	£
FIXED ASSETS					
Tangible assets	4		25,369		29,433
CURRENT ASSETS					
Debtors	5	154,699		159,606	
Cash at bank and in hand		<u>383,454</u>		<u>254,453</u>	
		538,153		414,059	
CREDITORS					
Amounts falling due within one year	6	<u>329,581</u>		<u>319,036</u>	
NET CURRENT ASSETS			<u>208,572</u>		<u>95,023</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>233,941</u>		<u>124,456</u>
RESERVES					
Income and expenditure account	8		<u>233,941</u>		<u>124,456</u>
			<u>233,941</u>		<u>124,456</u>

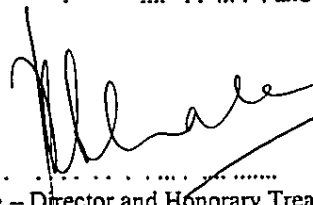
These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The financial statements were approved by the Board of Directors on its behalf by.



Stephen Dalziel – Executive Director and Secretary

26. 06. 2008



Paul Shale – Director and Honorary Treasurer

The notes form part of these financial statements

RUSSO-BRITISH CHAMBER OF COMMERCE

Notes to the Financial Statements **for the Year Ended 31 December 2007**

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

Income

Income represents members' subscriptions and net invoice sales of services, excluding value added tax

Subscriptions received in advance are credited to a deferred income account, and released to the income and expenditure account during the period to which they relate

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange prevailing at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Operating leases

Rentals payable under operating leases are charged to the profit and loss account on an accruals basis.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Computer equipment	25% on reducing balance
Plant and machinery	15% on reducing balance
Motor vehicle	25% on reducing balance
Improvements to property	straight line over the period of the relevant lease

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

2 OPERATING PROFIT

The operating profit is stated after charging

	31 12 07	31 12 06
	£	£
Depreciation	9,315	6,670
Auditor's remuneration	6,000	5,750
Exchange differences	(10,896)	1,203
Directors' emoluments and other benefits etc	<u>50,102</u>	<u>62,583</u>

3. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows

	31.12.07	31 12 06
	£	£
Russian corporation tax	<u>9,732</u>	<u>6,997</u>

RUSO-BRITISH CHAMBER OF COMMERCE

Notes to the Financial Statements **for the Year Ended 31 December 2007**

4. TANGIBLE FIXED ASSETS

	Plant and machinery etc £
COST	
At 1 January 2007	75,881
Additions	<u>5,252</u>
At 31 December 2007	<u>81,133</u>
DEPRECIATION	
At 1 January 2007	46,449
Charge for year	<u>9,315</u>
At 31 December 2007	<u>55,764</u>
NET BOOK VALUE	
At 31 December 2007	<u>25,369</u>
At 31 December 2006	<u>29,432</u>

5 DEBTORS

	31.12.07 £	31.12.06 £
Trade debtors	152,259	142,468
Other debtors	<u>2,440</u>	<u>17,138</u>
	<u>154,699</u>	<u>159,606</u>

6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.07 £	31.12.06 £
Bank loans and overdrafts	-	11,495
Trade creditors	6,507	8,740
Taxation and social security	23,219	19,288
Other creditors	<u>299,855</u>	<u>279,513</u>
	<u>329,581</u>	<u>319,036</u>

7 OPERATING LEASE COMMITMENTS

At the balance sheet date the company was committed to operating lease payments of £47,921 (2006: £40,488) in respect of land and buildings in the year ending 31 December 2008. The leases expire within one year of the balance sheet date.

RUSO-BRITISH CHAMBER OF COMMERCE

Notes to the Financial Statements for the Year Ended 31 December 2007

8 RESERVES

	Income and expenditure account £
At 1 January 2007	124,456
Surplus for the year	<u>109,485</u>
At 31 December 2007	<u>233,941</u>

9 COMPANY LIMITED BY GUARANTEE

The Russo-British Chamber of Commerce is a company limited by guarantee and not having a share capital. Every member of the Chamber has undertaken to contribute to the assets of the Chamber, in the event of its being wound up during the period of membership or up to one year after membership ceases, an amount not exceeding £3.