

REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008
FOR
RUSSO-BRITISH CHAMBER OF COMMERCE

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RUSO-BRITISH CHAMBER OF COMMERCE

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for the Year Ended 31 December 2008

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RUSO-BRITISH CHAMBER OF COMMERCE

Company Information **for the Year Ended 31 December 2008**

Notice is hereby given that the 92nd Annual General Meeting of the Russo-British Chamber of Commerce will be held at 12 noon on 14 July 2009, at 100 New Bridge Street, London.

- (i) to receive and consider the Report of the Executive Council;
- (ii) to receive and consider the accounts for the year ended 31 December 2008;
- (iii) to elect new Members to the RBCC Board of Directors;
- (iv) to elect new Members to the RBCC Advisory Council;
- (v) to confirm the re-appointment of the auditor Defries Weiss LLP for 2008;
- (vi) to transact such other business as may be properly transacted at an Ordinary General Meeting.

By Order of the Executive Council
Stephen Dalziel, Executive Director and Secretary

REGISTERED OFFICE: 42 Southwark Street
London
SE1 1UN

REGISTERED NUMBER: 00145140

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

PRINCIPAL BANKERS: Barclays Bank Plc
Southwark Business Centre
29 Borough High Street
London
SE1 1LY

PRINCIPAL SOLICITORS: Baker & McKenzie
100 New Bridge Street
London
EC4P 6JA

LONDON OFFICE: 42 Southwark Street
London
SE1 1UN

MOSCOW OFFICE: Building 1
16/2 Tverskya Street
Moscow
125009

ST PETERSBURG OFFICE: Business Centre "Ovental History"
14 Sotsialisticheskaya ul
Sixth Floor
St Petersburg
191119

RUSSO-BRITISH CHAMBER OF COMMERCE

Report of the Executive Council **for the Year Ended 31 December 2008**

The directors present their report with the financial statements of the company for the year ended 31 December 2008.

PRINCIPAL ACTIVITY

The principal activity of the company for the year ended 31 December 2008 was facilitation of 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 the financial position of the company are shown in the annexed financial statements.

During 2008 the Russo-British Chamber of Commerce continued to improve its performance, both in terms of revenue and membership. Staff movement was minimal; in London the Commercial Manager left at the start of August and, after a period where interns helped out, a new Commercial Manager was appointed in October. In Moscow the Commercial Manager left shortly before having a baby and moving back to London; the Office Manager stepped up to this post and a new Office Manager was brought in. In St Petersburg, the Director resigned at the end of the year after moving to another job.

The events programme improved, with a new regular near-monthly event in London, Just Networking, which by the end of the year was proving hugely popular with members. The main events of the year, in London and Moscow, both went well. The Business Summit in London realised a greater surplus than in 2007, and RussiaTALK in Moscow brought in a record level of sponsorship for any RBCC event. Once again, though, there were no trade missions; owing to a lack of interest from members companies, two which were planned had to be cancelled.

Membership continued to expand and diversify. The Chamber was involved in a number of events around the country promoting the idea of doing business in Russia, especially working with UKTI, PricewaterhouseCoopers and the newly-formed Russian Midlands Business Club.

In FY2009 it is anticipated that sponsorship will be harder to come by, because of the global recession. But the main events in London and Moscow are still planned to take place, along with a number of smaller seminars and networking opportunities.

DIRECTORS

The Directors registered with Companies House during this period were:

The Rt Hon Tim Eggar (Chairman). Chairman, Nitolsolar UK
John Baldwin, Senior Adviser, Russia, BP plc
Trevor Barton, Vice President, The PBN Company
Stephen Dalziel, Executive Director and Company Secretary, RBCC
Jan Dauman, CET
Paul Forrest, Forrest Research (resigned 26.6.08)
Peter Hambro, Chairman, Peter Hambro Mining plc (appointed 26.6.08)
Vyacheslav Kopiev, Vice Chairman, AFK Sistema
Sir Roderic Lyne, GCMG, Senior Adviser, HSBC
Roger Munnings, Senior Partner, Russia/CIS, KPMG
Paul Shale, Hon Treasurer, RBCC
Igor Yurgens, Vice President, Russian Union of Industrialists and Entrepreneurs

Patron

HRH Prince Michael of Kent KCVO

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the company made donations of £800 to children's charities.

continued.....

RUSSO-BRITISH CHAMBER OF COMMERCE

Report of the Executive Council **for the Year Ended 31 December 2008**

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 at the forthcoming Annual General Meeting.

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:


.....
S Dalziel - Director

Date: 18/06/09

RUSSO-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 2008 on pages 5 to 9. These financial statements have been prepared under 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 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.

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 Executive Council 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 Executive Council 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 2008 and of its surplus 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
Registered Auditor
311 Ballards Lane
London
N12 8LY

Date: 18/6/09

RUSSO-BRITISH CHAMBER OF COMMERCE

Income and Expenditure Account for the Year Ended 31 December 2008

| | <u>31.12.08</u> | | <u>31.12.07</u> | |
|---|-----------------|----------------|-----------------|----------------|
| | £ | £ | £ | £ |
| Income: | | | | |
| Members' subscriptions | | 473,975 | | 407,854 |
| Members' services | | <u>614,962</u> | | <u>542,101</u> |
| Gross income | | 1,088,937 | | 949,955 |
| Direct costs: | | | | |
| Wages | 427,928 | | 326,967 | |
| Other direct costs | <u>244,413</u> | | <u>217,782</u> | |
| | | <u>672,341</u> | | <u>544,749</u> |
| | | 416,596 | | 405,206 |
| Other income: | | | | |
| Bank interest | | <u>12,618</u> | | <u>3,156</u> |
| | | 429,214 | | 408,362 |
| Expenditure: | | | | |
| Staff costs | 67,187 | | 54,750 | |
| Rent, rates & office expenses | 145,631 | | 138,885 | |
| Telephone | 28,834 | | 23,708 | |
| Printing, postage & stationery | 19,985 | | 16,589 | |
| Travelling & motor expenses | 27,001 | | 20,259 | |
| Sundry expenses | 4,693 | | 2,252 | |
| Legal & professional fees | 35,982 | | 21,073 | |
| Bad debts | 602 | | - | |
| Irrecoverable Russian VAT | 8,383 | | 11,495 | |
| Bank charges & interest | 2,887 | | 1,676 | |
| Exchange differences | (37,375) | | (10,896) | |
| Depreciation | <u>5,985</u> | | <u>9,354</u> | |
| | | <u>309,795</u> | | <u>289,145</u> |
| SURPLUS OF INCOME LESS | | | | |
| EXPENDITURE BEFORE TAXATION (see note 2) | | 119,419 | | 119,217 |
| Taxation (see note 3) | | <u>20,950</u> | | <u>9,732</u> |
| SURPLUS OF INCOME LESS | | | | |
| EXPENDITURE FOR THE YEAR | | <u>98,469</u> | | <u>109,485</u> |

The notes form part of these financial statements

RUSSO-BRITISH CHAMBER OF COMMERCE

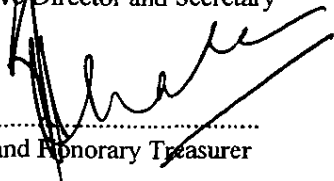
Balance Sheet
31 December 2008

| | Notes | 31.12.08 £ | £ | 31.12.07 £ | £ |
|--|-------|----------------|----------------|----------------|----------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 4 | | 24,584 | | 25,369 |
| CURRENT ASSETS | | | | | |
| Debtors | 5 | 75,058 | | 154,699 | |
| Cash at bank and in hand | | <u>576,075</u> | | <u>383,454</u> | |
| | | 651,133 | | 538,153 | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 6 | <u>343,307</u> | | <u>329,581</u> | |
| NET CURRENT ASSETS | | | <u>307,826</u> | | <u>208,572</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>332,410</u> | | <u>233,941</u> |
| RESERVES | | | | | |
| Income and expenditure account | | | <u>332,410</u> | | <u>233,941</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 17/06/09 and were signed on its behalf by:


.....
S Dalziel – Executive Director and Secretary


.....
P Shale – Director and Honorary Treasurer

RUSSO-BRITISH CHAMBER OF COMMERCE

Notes to the Financial Statements **for the Year Ended 31 December 2008**

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 invoiced sales of services, excluding value added tax.

Income received in advance is credited to a deferred income account, and released to the income and expenditure account during the period to which it relates.

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 |

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 income and expenditure account on an accruals basis.

2. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

| | 31.12.08 | 31.12.07 |
|--|---------------|---------------|
| | £ | £ |
| Depreciation | 5,985 | 9,354 |
| Profit on disposal of fixed assets | (58) | - |
| Auditor's remuneration | 6,250 | 6,000 |
| Exchange differences | (37,375) | (10,896) |
| Directors' emoluments and other benefits etc | <u>51,675</u> | <u>50,102</u> |

3. TAXATION

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

| | 31.12.08 | 31.12.07 |
|---|---------------|--------------|
| | £ | £ |
| Russian corporation tax | 18,844 | 9,732 |
| Underprovision of Russian corporation tax in prior year | <u>2,106</u> | - |
| | <u>20,950</u> | <u>9,732</u> |

RUSSO-BRITISH CHAMBER OF COMMERCE

Notes to the Financial Statements **for the Year Ended 31 December 2008**

4. TANGIBLE FIXED ASSETS

| | |
|-----------------------|------------------------------------|
| | Plant and machinery etc £ |
| COST | |
| At 1 January 2008 | 81,133 |
| Additions | <u>5,200</u> |
| At 31 December 2008 | <u>86,333</u> |
| DEPRECIATION | |
| At 1 January 2008 | 55,764 |
| Charge for year | <u>5,985</u> |
| At 31 December 2008 | <u>61,749</u> |
| NET BOOK VALUE | |
| At 31 December 2008 | <u>24,584</u> |
| At 31 December 2007 | <u>25,369</u> |

5. DEBTORS

| | | |
|---------------|---------------|----------------|
| | 31.12.08 | 31.12.07 |
| | £ | £ |
| Trade debtors | 53,363 | 152,259 |
| Other debtors | <u>21,695</u> | <u>2,440</u> |
| | <u>75,058</u> | <u>154,699</u> |

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | | |
|------------------------------|----------------|----------------|
| | 31.12.08 | 31.12.07 |
| | £ | £ |
| Trade creditors | 27,933 | 6,507 |
| Taxation and social security | 46,833 | 23,219 |
| Other creditors | <u>268,541</u> | <u>299,855</u> |
| | <u>343,307</u> | <u>329,581</u> |

7. OPERATING LEASE COMMITMENTS

At the balance sheet date the company was committed to operating lease payments of £nil (2007: £47,921) in respect of land and buildings in the year ending 31 December 2009 (2008).

8. RESERVES

| | |
|----------------------|---|
| | Income and expenditure account £ |
| At 1 January 2008 | 233,941 |
| Surplus for the year | <u>98,469</u> |
| At 31 December 2008 | <u>332,410</u> |

RUSO-BRITISH CHAMBER OF COMMERCE

Notes to the Financial Statements **for the Year Ended 31 December 2008**

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.