

145140

ANNUAL REPORT AND ACCOUNTS

*of the*

**RUSSO-BRITISH**  
CHAMBER OF COMMERCE



FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER, 1999

**Notice of the RBCC  
Annual General Meeting**

*To be held on*

**Thursday, 8<sup>th</sup> June, 2000**

Commencing at

**12.00 noon**

*to be held at*

**The Brewery,  
Chiswell Street,  
London EC1Y 4SD**



**RUSSO-BRITISH CHAMBER OF COMMERCE**

**INDEX TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 1997**

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# **RUSSO-BRITISH CHAMBER OF COMMERCE**

## **COMPANY INFORMATION**

Notice is hereby given that the Eighty-Fourth Annual General Meeting of the Russo-British Chamber of Commerce will be held at 12.00 noon on 8 June 2000 at The Brewery, Chiswell Street, London EC1Y 4ND

1. To receive and consider the Report of the Executive Council.
2. To receive and consider the accounts for the year ended 31 December 1999.
3. To re-elect Members and to fill vacancies on the Executive Council.
4. To confirm the re-appointment of the auditors Defries Weiss for 2000.
5. To transact such other business as may be properly transacted at an Ordinary General Meeting.

2 May 2000

By Order of the Executive Council  
*J D Cant, Executive Director and Secretary*

**EXECUTIVE DIRECTOR  
AND SECRETARY**

*J D Cant*

**REGISTERED OFFICE:**

100 New Bridge Street  
London  
EC4P 6JA

**REGISTERED NUMBER:**

00145140

**AUDITOR:**

Defries Weiss  
Registered Auditor  
311 Ballards Lane  
London  
N12 8LY

**PRINCIPAL BANKERS:**

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

**SOLICITORS:**

Baker & McKenzie  
100 New Bridge Street  
London  
EC4P 6JA

**LONDON OFFICE:**

42 Southwark Street  
London  
SE1 1UN

**MOSCOW OFFICE:**

Smolensky Passage  
Smolenskaya Square 3-5  
Sixth Floor, Office 6  
Moscow  
121099

## **RUSSO-BRITISH CHAMBER OF COMMERCE**

### **REPORT OF THE EXECUTIVE COUNCIL**

**for the year ended 31 December 1999**

The directors present their report with the financial statements of the company for the year ended 31 December 1999.

#### **PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of facilitator between UK companies and Russian companies conducting business in their respective markets.

#### **TRADE ENVIRONMENT**

Despite the downturn as a result of the events of August 1998, and negative media reports, UK companies still exported to Russia in 1999 £537 million worth of goods, as compared with £937 million in 1998. Imports from Russia remained stable at £1,360 million for 1999 as compared with £1,466 million in 1998.

Whilst Russian economic performance in 1999 improved against all expectations, UK companies were still reeling from the events of 1998 and therefore holding back. But there are some encouraging signs for the future; by the year end, consumer price inflation was lower (36.5% as against 84.4% in 1998), and GDP actually grew 3.2%, after falling 4.6% in 1998.

According to the Russian Ministry of Economics, the UK occupies third place in terms of overall investment in Russia, after Germany and the USA. The overall volume of foreign direct investment in 1999 remained down at its 1998 level of some \$3.4 billion. The number of "speculative" global investments in Russia has decreased (portfolio, stocks and shares), whilst that of strategic investments long-term, has increased (eg timber, building materials, food, etc.).

After negotiating for five years Russia has presented the final document required for full-scale talks to start on accession to the World Trade Organisation.

The EBRD expects to make loans and investments worth 500-700 million euros during the year 2000. The medium-term objective of investing 25-30% of the Bank's commitments there remains unchanged.

The RBCC continued to suffer as a result of the situation in Russia. Thus membership in the UK decreased slightly. Similarly, despite all efforts and British Trade International support, RBCC was unable to recruit sufficient participants for a number of trade missions to Russia from the UK. Company participation in Russia-Expo'99, Consumexpo and Prodexpo was down on previous years, although the results according to exhibitors were satisfactory.

In Russia, on the other hand, membership has increased. We started from a near zero base, and companies actually in Russia are, of course, committed to the market. But the main reason for the increase is a significant rise in interest by Russian and British companies in the activities of the Moscow office. The work of the Moscow office has been commendable.

There have been examples demonstrating potential for British companies trading in Russia. An English meat-packing and processing company visited Russia for the first time on an RBCC trade mission to St. Petersburg. The company has enjoyed such success as a result of this trip, and subsequent business, that it has expanded its production facilities to meet the massive demand of its customers in Russia.

Following the elections, improvements are expected. It is hoped that more attention will be paid to providing a stable basis for attracting foreign investment; the tax system will be simplified; and the Rouble will increase in value. Despite problems Russia remains potentially a huge market for UK exporters and investors, and also a good source of products for UK importers.

Like some other companies dealing with Russia, the Chamber is keeping an eye on its costs, is tightening its belt, whilst continuing the expansion of its activities in Moscow.

#### **RBCC ACTIVITIES**

The principal aim of the Executive Director as stated in the last Annual Report was to extend and develop the services and activities available to Members and to re-establish a strong and useful presence in Moscow. It can be said that during 1999 this aim has been achieved, despite the continued negative fall out from the crisis of August 1998.

The Moscow Office is now well established and recognised by both the local UK and the Moscow business community, as well as Government, as being an organisation that gets things done. It has been active in organising an increasing number of events. These range from the monthly gathering of British and Russian businessmen, to seminars on various issues with high-level speakers, to establishing working committees, lobbying local and central Government, and helping companies make contacts. It has been successful in attracting new members in Russia, both British and Russian companies.

## RUSO-BRITISH CHAMBER OF COMMERCE

### **REPORT OF THE EXECUTIVE COUNCIL**

**For the year ended 31 December 1999**

New IT systems have been introduced to improve the efficiency of the Chamber. The Chamber's budgeting and accounting records have been reorganised to provide better, more timely information to the management.

The Bulletin continues to improve in its appearance and quality of information and is attracting an increasing amount of advertising. One major success has been the RBCC website. It receives nearly 30,000 hits per week and has received the prestigious 'Bobby' award for ease of internet access.

Although UK membership has continued to decline it is anticipated that this will recover in 2000.

Although RussiaExpo's exhibition was less successful than in 1998, the Conference held alongside was extremely successful. It is intended in 2000 to organise a high-level conference only. Other exhibitions included Britain in Russia, Consumexpo and Prodexpo, all sponsored by British Trade International. These were successful, but the number of UK participants declined.

The Chamber organised the following:

#### February

Night at the Dogs

#### March

SGS/RBCC Certification seminar, Manchester

House of Lords Luncheon, London

The Economic Outlook Seminar, Moscow

Sectoral committee – Construction, Moscow

Business Networking, Moscow

Shokhin Seminar, Moscow

Motorin Seminar, Moscow

Telecommunications Sectoral Meeting, Moscow

#### April

Economic roundtable, Moscow Narodny Bank, London

Taxation & Investment debate with the International Tax & Investment Centre, Moscow

Business Networking, Moscow

The Regions of Russia Credit Rating by Moody's Investors Services, Moscow

Briefing with Mayor of Moscow, Yuri Mikhailovich Luzhkov, Moscow

View from a bank briefing by Alfa Bank, Moscow

#### May

Business Networking, Moscow

Taxation and Investment Roundtable, London

Russian Quiz, London

#### June

AGM & Luncheon, London

#### July

Summer Business Networking, Moscow

Meeting with Deputy Prime Minister Klebanov and Minister for Telecommunications Ivanov, Moscow

Roundtable with the Ministry of Taxes and Excise and Minister of Tax Pochinok, Moscow

Gala reception in aid of the Friends of Russian Children, Moscow

#### September

Obtaining Funding for Russia seminar, London

Business Networking, Moscow

Sectoral, Committee Meeting, Construction, Moscow

Evening with Prince Michael of Kent, KCVO, Moscow

## **RUSO-BRITISH CHAMBER OF COMMERCE**

### **REPORT OF THE EXECUTIVE COUNCIL**

**For the year ended 31 December 1999**

#### **October**

"Economic Roundtable" hosted by Moscow Narodny Bank, London  
Business Networking, Moscow  
Sectoral committee, Education, Moscow  
"Cyberia" Internet breakfast, Moscow  
Sectoral committee, Tourism, Moscow

#### **November**

Fireworks display and boat trip on the Thames, London  
Business Networking, Moscow  
Working meeting with Minister of Tax, Pochinok, Moscow  
Sectoral committee, Construction, Moscow  
Seminar on the use of FIDIC contracts in the Russian Federation, Moscow  
Sectoral committee, Education, Moscow

#### **December**

The Economic Roundtable, London  
Nizhniy Novgorod Update event, London

The Chamber organised the UK presence in the following DTI sponsored exhibitions:

Consumexpo (January)  
Prodexpo (February)  
Britain in Russia (September)

RBCC took stands at:

Consumexpo (January)  
Prodexpo (February)  
RussiaExpo '99 (June)  
Intrade in London (June)  
Britain in Russia '99 (September)

Trade Missions:

To St. Petersburg, organised with DTI support (March)  
From Arkhangelsk (March)  
From the Land Reform Committee (June)

#### **CHARITABLE AND POLITICAL DONATIONS**

There were no charitable or political donations made in 1999.

#### **DIRECTORS**

The directors during the year under review were:

**Sir Norman Wooding CBE (President)**

**Dr A Chesnokov (Vice President)**

**R R Land CBE (Chairman)**

**D Winter OBE (Deputy Chairman)**

**R A K Scallon (Honorary Treasurer)**

I Achourbeili (appointed 25.1.99)

S A Andryushkin

R C L Charvet (resigned 25.1.99)

Dr P J Harvey

V V Kopjev

J A McNeish

M J Meyer

A Novikov (resigned 25.1.99)

S Penny

O Preksin (appointed 25.1.99)

S Samolis (appointed 25.1.99)

R Shaw

A Shelepen (resigned 8.12.99)

Baroness Smith of Gilmorehill

Dr A V Tchistoserdov

V M Telegin (resigned 8.12.99)

K V Trofimov (resigned 13.10.99)

**RUSO-BRITISH CHAMBER OF COMMERCE**

**REPORT OF THE EXECUTIVE COUNCIL  
For the year ended 31 December 1999**

**Executive Director**  
J D Cant

**Patron**  
HRH Prince Michael of Kent KCVO

**Hon. Presidents**  
HE Yuri Y Fokine, Ambassador of the Russian Federation to the UK  
HMA Sir Andrew Wood KCMG, Ambassador of the UK to the Russian Federation

**Hon Life Members**  
J Cooper CBE  
Mrs I Dunn

**Standing for re-election**  
Dr P J Harvey  
R R Land CBE

S A Andryushkin  
A V Tchistoserdov

**Co-opted for ratification:**

I G Souvorov (appointed 29.3.00)  
A Starkov (appointed 29.3.00)  
A Goryunov (appointed 29.3.00)

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those 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.

**AUDITOR**

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

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

**ON BEHALF OF THE EXECUTIVE COUNCIL:**

  
.....  
R R Land CBE - CHAIRMAN

Dated: 2 May 2000

**RUSSO-BRITISH CHAMBER OF COMMERCE**

**REPORT OF THE AUDITOR TO THE MEMBERS OF**  
**RUSSO-BRITISH CHAMBER OF COMMERCE**

We have audited the financial statements on pages seven to eleven which have been prepared under the historical cost convention and the accounting policies set out on page nine.

**Respective responsibilities of directors and auditor**

As described on page five the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Basis of opinion**

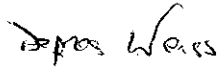
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 of the state of the company's affairs as at 31 December 1999 and of its deficit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Defries Weiss  
Registered Auditor  
311 Ballards Lane  
London N12 8LY



2 May 2000

**RUSO-BRITISH CHAMBER OF COMMERCE**

**INCOME AND EXPENDITURE ACCOUNT**  
**for the year ended 31 December 1999**

		<u>31.12.99</u>		<u>31.12.98</u>	
	Notes	£	£	£	£
<b>Income</b>					
Members' subscriptions		112,325		103,486	
Membership services		(6,145)		(5,210)	
Income from exhibitions		169,013		208,762	
Bank interest		7,514		25,194	
RFCCI contribution		49,200		41,380	
Sundry income		<u>4,590</u>		<u>-</u>	
			336,497		373,612
<b>Expenditure:</b>					
Staff costs		221,363		193,999	
Consultants		65,119		72,338	
Telephone		29,836		15,050	
Printing, postage & stationery		15,634		18,702	
Travelling		19,432		43,890	
Motor expenses		-		1,408	
Sundry expenses		507		34,257	
Legal & professional fees		7,508		16,728	
Bad debts		4,902		247	
Rent, rates & office expenses		78,410		47,255	
Bank charges		2,276		1,930	
Exchange loss		3,448		282	
Depreciation		<u>10,100</u>		<u>16,526</u>	
			<u>458,535</u>		<u>462,612</u>
<b>DEFICIT OF INCOME LESS</b>					
<b>EXPENDITURE BEFORE TAXATION</b>	2		(122,038)		(89,000)
Taxation credit	3		<u>5,100</u>		<u>-</u>
<b>DEFICIT OF INCOME LESS EXPENDITURE</b>					
<b>FOR THE YEAR</b>			<u>£(116,938)</u>		<u>£(89,000)</u>

The notes form part of these financial statements

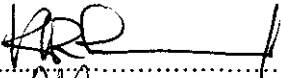
**RUSSO-BRITISH CHAMBER OF COMMERCE**


**BALANCE SHEET**  
**31 DECEMBER 1999**

		<u>31.12.99</u>		<u>31.12.98</u>	
	Notes	£	£	£	£
<b>FIXED ASSETS:</b>					
Tangible assets	4		38,927		44,113
<b>CURRENT ASSETS:</b>					
Debtors	5	172,019		255,008	
Cash at bank and in hand		<u>106,660</u>		<u>217,741</u>	
		278,679		472,749	
<b>CREDITORS:</b> Amounts falling due within one year	6	<u>237,295</u>		<u>319,613</u>	
<b>NET CURRENT ASSETS:</b>			<u>41,384</u>		<u>153,136</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>			<u>£80,311</u>		<u>£197,249</u>
<b>RESERVES:</b>					
Income and expenditure account			<u>80,311</u>		<u>197,249</u>
			<u>£80,311</u>		<u>£197,249</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 March 1999).

**ON BEHALF OF THE EXECUTIVE COUNCIL:**

.....  ..... R R Land CBE (Chairman)

.....  ..... J D Cant (Executive Director and Secretary)

Approved by the Executive Council on 22.12.99.....

## RUSSO-BRITISH CHAMBER OF COMMERCE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

#### 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 March 1999).

##### **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.

##### **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 the reducing balance
Plant and machinery	15% on the reducing balance

##### **Operating leases**

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

##### **Deferred taxation**

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

##### **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 the transaction. Exchange differences are taken into account in arriving at the operating result.

#### 2. OPERATING LOSS

The operating loss is stated after charging:

	31.12.99	31.12.98
	£	£
Depreciation	10,101	16,526
Auditor's remuneration	3,450	3,300
Directors' emoluments and other benefits etc	<u>40,000</u>	<u>45,069</u>

#### 3. TAXATION

The tax credit on the loss on ordinary activities for the year was as follows:

	31.12.99	31.12.98
	£	£
Overprovision in prior years	<u>(5,100)</u>	<u>-</u>

# **RUSO-BRITISH CHAMBER OF COMMERCE**

## **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 DECEMBER 1999**

### 4. **TANGIBLE FIXED ASSETS**

	Plant and machinery etc
	£
<b>COST:</b>	
At 1 January 1999	136,471
Additions	<u>4,915</u>
At 31 December 1999	<u>141,386</u>
<b>DEPRECIATION:</b>	
At 1 January 1999	92,358
Charge for year	<u>10,101</u>
At 31 December 1999	<u>102,459</u>
<b>NET BOOK VALUE:</b>	
At 31 December 1999	<u>38,927</u>
At 31 December 1998	<u>44,113</u>

### 5. **DEBTORS**

	31.12.99 £	31.12.98 £
Trade debtors	108,196	143,304
Other debtors	1,170	2,238
Prepayments & accrued income	<u>62,653</u>	<u>109,466</u>
	<u>172,019</u>	<u>255,008</u>

### 6. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.99 £	31.12.98 £
Trade creditors	30,896	15,959
Other creditors	10,037	255
V.A.T.	1,414	8,394
Social security & other taxes	-	7,298
Corporation tax	-	5,100
Accruals and deferred income	<u>194,948</u>	<u>282,607</u>
	<u>237,295</u>	<u>319,613</u>

### 7. **FINANCIAL COMMITMENTS**

At the balance sheet date the company was committed to operating lease payments of £4,700 (1998: £10,722) in respect of its London premises.

### 8. **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.