

**PARTNERS IN HOPE**  
A PRIVATE COMPANY LIMITED BY  
GUARANTEE WITHOUT SHARE CAPITAL  
**REPORT AND FINANCIAL STATEMENTS**  
**31ST MARCH, 2005**



**PARTNERS IN HOPE****COMPANY INFORMATION****DIRECTORS**

Guy de Selliers - Chairman  
Lord Hylton  
Lord Alton  
Oliver J. McTernan  
Florence Bachelard-Bakal - Treasurer  
George Tyler

**SECRETARY**

Florence Bachelard-Bakal

**REGISTERED OFFICE**

St. Francis of Assisi Centre,  
13 Hippodrome Place,  
London,  
W11 4SF.

**COMPANY NUMBER**

2688742

**REGISTERED CHARITY NUMBER**

1018750

**AUDITORS**

Roberts & Co.,  
136 Kensington Church Street,  
London,  
W8 4BH.

**BANKERS**

HSBC Bank PLC,  
69 Pall Mall,  
London,  
SW1Y 5EY.

## **PARTNERS IN HOPE**

### **REPORT OF THE DIRECTORS**

The Directors have pleasure in presenting their report and the audited financial statements of the Company for the year ended 31st March, 2005.

### **ACTIVITIES**

The object for which Partners in Hope is established is to promote civil society initiatives in Russia, with special emphasis on social projects for vulnerable children, young people and families.

### **RESULTS FOR THE YEAR**

The results for the year are set out in the statement of financial activities on page 8.

The Directors consider that the results for the year ended 31st March, 2005 were as anticipated and that the financial position at the end of the year was satisfactory.

### **REVIEW OF OPERATIONS AND PLANS FOR THE FUTURE**

The main activity this year has been to give a focus to our fundraising strategy in Moscow. This was achieved together with the Agency for Social Information by launching a very visible public relation campaign that would attract the business community. The concept was to encourage Big business to give support to Small projects. The core purpose of the Big and the Small Campaign is to get the corporate sector to give vulnerable children the opportunities that children everywhere should have.

The fundraising basis on which Partners in Hope has been operating has evolved over the past 18 months from a UK based charity, raising funds for Russian based NGOs, to an integrated campaign operating inside Moscow in direct co-operation with the business community in partnership with western and Russian companies.

The primary funding audience for the campaign has been corporate with the emphasis on the provision of long term funding support for the campaign or project of choice (as described in our portfolio) plus additional support through employee/events, hosting, pro bono, or marketing. In essence the campaign has succeeded in establishing core relationships with senior partners in the following firms: PricewaterhouseCoopers, Ernst & Young, White & Case, Linklaters, Staraya Ploshad (PR and Consultancy), Shatura (furniture company), AI Investments and Russo-British Chamber of Commerce. It is this personal engagement which is driving the centre of the campaign. These key contacts have enabled us to set up an Advisory Board that meets every 6 weeks to assess the progress of the campaign.

## **PARTNERS IN HOPE**

### **REPORT OF THE DIRECTORS**

#### **REVIEW OF OPERATIONS AND PLANS FOR THE FUTURE (continued)**

##### **Achievements to date**

The Big and Small Campaign has created an exciting and credible platform for Partners in Hope and the more visible it becomes through our media contacts, the more businesses do want to participate. It is also working as a networking tool in the business community.

Companies are beginning to donate, and are interested in finding new ways of combining and extending the fundraising aspect, looking outside the traditional corporate donation to sales promotion and marketing of their own corporate image.

The campaign has achieved a compelling business case for support, which is different from other charities based in Russia, and has clear opportunities for growing shown through the commitment of the Advisory Board. Shatura Furniture Company has committed to promoting the Campaign and the projects in 6 of its stores in key cities in Russia by selling toys the proceeds of which will be donated to the Campaign. Shatura is also running an employee giving scheme throughout its stores from June 2005.

The Campaign was launched in November 2004 at an evening reception at the British Embassy hosted by Nicole and Stephen Wordsworth. The campaign has so far had pledged \$20,000 from Linklaters, \$10,000 from Ernst & Young, \$12,000 from Ultra Computers and gifts in kind support of \$6,000 (Marriott Hotels, 4TE Publishing Co.). One or two of the Trustees were also active in fundraising and a significant donation of £103,000 has been made that enables us to continue with this work. The overall target for the campaign is \$500,000. In the UK, work has begun on meeting business and social networks and individuals, including RBCC in the UK and Eventica, as well as Russian expatriates. With the new fundraising manager recruited in Russia, the focus will now be simultaneously directed towards London.

A website in both English and Russian language is now fully operational, which is a crucial element of the public awareness and fundraising effort.

The Projects, with the crucial support of Partners in Hope, are able to plan for the future and expand their activities. Love's Bridge Centre for Street Children were able to take on a much needed House staff/teacher for their Two Steps to Home project.

Rodnik have taken on two extra staff which is enabling them to send other staff for Montessori training so that they will be able to run a playgroup for healthy children in their neighbourhood making them more financially independent.

Dobro - working with children with severe autism and late diagnosis cases - are beginning to show really positive results with their one-to-one tuition which is attracting attention so that more children are being brought to the centre for early diagnosis work which is their goal.

##### **The future**

The plan for the future is to develop the various strands that are beginning to show results, one of which is to investigate further retail promotion campaigns that are of benefit to both the company and the charity. A business breakfast was held at the Marriott at the end of March which has introduced a new dimension of working with energy companies who are keen to explore the launching of replicable models of our Moscow projects in the regions. The next step is to invite a senior Russian Minister or Russian celebrity to become our patron.

## **PARTNERS IN HOPE**

### **REPORT OF THE DIRECTORS**

#### **PUBLISHED ACCOUNTS**

The Company is a registered charity and as such is not a trading or profit making organisation. The financial statements have been prepared in the form set out in *Accounting and Reporting by Charities: Statement of Recommended Practice* issued in October 2000.

#### **DIRECTORS**

The following served as Directors of the Company throughout the year other than as noted below:-

Guy de Selliers - Chairman  
Lord Hylton  
Lord Alton  
Oliver J. McTernan

Florence Bachelard-Bakal - Treasurer  
Laurence Brady (resigned 5th April, 2004)  
George Tyler

None of the Directors has an interest in the Company other than certain Directors guaranteeing £1 each as a contribution to the Company in the event of liquidation.

#### **RESPONSIBILITIES OF THE DIRECTORS**

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 charitable Company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial year. In preparing those financial statements, the Trustees should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Company will continue on that basis.

The Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The Directors are also responsible for safeguarding the assets of the charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

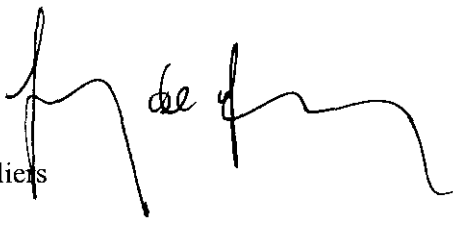
#### **AUDITORS**

Messrs. Roberts & Co. have expressed their willingness to continue in office. A resolution proposing their re-appointment will be submitted to the Annual General Meeting.

**PARTNERS IN HOPE****REPORT OF THE DIRECTORS****SMALL COMPANY EXEMPTIONS**

The Directors have taken advantage of the special exemptions conferred by Part VII of the Companies Act 1985 applicable to small companies.

On behalf of the Board

  
Guy de Selliers

Director

15 dec 2005

## **PARTNERS IN HOPE**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

## **PARTNERS IN HOPE**

We have audited the financial statements of Partners in Hope for the year ended 31st March, 2005 which comprise the profit and loss account, balance sheet and related notes set out on pages 8 to 16.

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 auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the Directors' Report 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 United Kingdom 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.

**PARTNERS IN HOPE****INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF****PARTNERS IN HOPE**

(continued)

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st March, 2005 and of the incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

**ROBERTS & CO**

Chartered Accountants and Registered Auditors

136 Kensington Church Street,  
London, W8 4BH.

15 December 2005



## PARTNERS IN HOPE

## STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31ST MARCH, 2005

	Note	Unrestricted funds	Restricted funds		Total	Total
			TACIS project	Other	2005	2004
<b>INCOME AND EXPENDITURE</b>						
<b>Incoming resources</b>						
Legacies		861	-	-	861	-
Donations		117,716	-	2,345	120,061	8,551
European Commission grant		-	-	-	-	2,473
Bank interest received		355	-	-	355	-
CAF income distributions		15,090	-	-	15,090	20,082
Tax refund on gift aid donations		2,821	-	-	2,821	-
<b>Total incoming resources</b>		<b>136,843</b>	<b>-</b>	<b>2,345</b>	<b>139,188</b>	<b>31,106</b>
<b>Resources expended</b>						
Charitable expenditure						
• Grants		51,678	-	2,345	54,023	51,953
• Support costs	3	554	31	-	585	983
<b>Total charitable expenditure</b>		<b>52,232</b>	<b>31</b>	<b>2,345</b>	<b>54,608</b>	<b>52,936</b>
Fundraising and publicity	4	55,618	-	-	55,618	41,309
Establishment expenses	5	3,401	-	-	3,401	3,146
Management and administration of the Charity	6	25,440	-	-	25,440	27,378
Deficit on exchange differences		-	88	-	88	540
<b>Total management and administration expenses</b>		<b>84,459</b>	<b>88</b>	<b>-</b>	<b>84,547</b>	<b>72,373</b>
<b>Total resources expended</b>		<b>136,691</b>	<b>119</b>	<b>2,345</b>	<b>139,155</b>	<b>125,309</b>
<b>NET INCOMING/(OUTGOING) RESOURCES FOR THE YEAR</b>	7	<b>152</b>	<b>(119)</b>	<b>-</b>	<b>33</b>	<b>(94,203)</b>
Loss on revaluation and sale of investment		(2,001)	-	-	(2,001)	(12,859)
<b>NET MOVEMENT IN FUNDS</b>		<b>(1,849)</b>	<b>(119)</b>	<b>-</b>	<b>(1,968)</b>	<b>(107,062)</b>
<b>FUND BALANCES BROUGHT FORWARD AT 31ST MARCH, 2004</b>		<b>263,696</b>	<b>17,301</b>	<b>10,192</b>	<b>291,189</b>	<b>398,251</b>
<b>FUND BALANCES CARRIED FORWARD AT 31ST MARCH, 2005</b>		<b>£261,847</b>	<b>£17,182</b>	<b>£10,192</b>	<b>£289,221</b>	<b>£291,189</b>

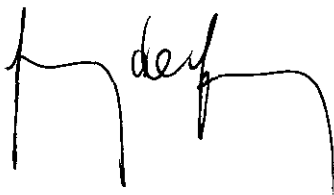
The accompanying notes form an integral part of these financial statements.

**PARTNERS IN HOPE****BALANCE SHEET - 31ST MARCH, 2005**

	Note	2005	2004
<b>FIXED ASSETS</b>			
Tangible assets	9	2,607	2,859
Investments	10	290,474	288,475
		<hr/>	<hr/>
		293,081	291,334
<b>CURRENT ASSETS</b>			
Debtors - prepayments		409	-
Cash at bank and in hand		6	3,480
		<hr/>	<hr/>
		415	3,480
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	11	(4,275)	(3,625)
		<hr/>	<hr/>
<b>NET CURRENT LIABILITIES</b>		(3,860)	(145)
		<hr/>	<hr/>
<b>NET ASSETS</b>		£289,221	£291,189
		<hr/>	<hr/>
<b>CAPITAL</b>			
Restricted funds		27,374	27,493
Unrestricted funds		261,847	263,696
		<hr/>	<hr/>
		£289,221	£291,189
		<hr/>	<hr/>

The Directors have taken advantage of the special exemptions conferred by Part VII of the Companies Act 1985, on the grounds that the Company is entitled to the benefit of those exemptions as a small company.

Guy de Selliers - Director



These financial statements  
were approved by the Directors  
on 15 Dec 2005.

The accompanying notes form an integral part of these financial statements.

**PARTNERS IN HOPE****OTHER STATEMENTS****31ST MARCH, 2005****CONTINUING ACTIVITIES**

All amounts relate to continuing activities.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

All recognised gains and losses are included in the Statement of Financial Activities on page 8.

**NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS**

There is no material difference between the reported result for the year ended 31st March, 2005 and the result for the year restated on an historical cost basis.

**RECONCILIATION OF MOVEMENTS IN RESERVES**

The whole of the movement in reserves in the year is shown in the Statement of Financial Activities on page 8.

## **PARTNERS IN HOPE**

### **NOTES TO THE FINANCIAL STATEMENTS**

**31ST MARCH, 2005**

#### **1. ACCOUNTING POLICIES**

- **Basis of preparation of accounts**

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice, *Accounting and Reporting by Charities* (SORP 2000) issued in October 2000, applicable accounting standards and the Companies Act 1985.

- **Cashflow statement**

The charity has taken advantage of the exemption in Financial Reporting Standard No. 1 from the requirement to produce a cashflow statement on the grounds that it qualifies as a small charity.

- **Donations and grants**

Income from donations and grants, including capital grants, is included in incoming resources when these are receivable, except as follows:

- When donors specify that donations and grants given to the charity must be used in future accounting years, the income is deferred until those years.
- When donors impose conditions and grants, including capital grants, are for particular restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in incoming resources of restricted funds when receivable. Income from fundraising ventures is shown gross with the associated costs included in fundraising costs.

- **Interest receivable**

Interest is included when receivable by the charity.

- **Resources expended**

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of any VAT which cannot be recovered. Fundraising expenditure comprises costs incurred in inducing people and organisations to contribute financially to the charity's work and includes the cost of advertising for donations.

Expenditure on management and administration of the charity includes all expenditure not directly related to the charitable activity or fundraising ventures. This includes costs of renting and running office premises, staff salaries for administrative staff and audit fees.

Certain expenditure is directly attributable to specific activities and has been included in those cost categories.

## PARTNERS IN HOPE

### NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2005

#### 1. ACCOUNTING POLICIES (continued)

- **Tangible fixed assets**

Tangible fixed assets are depreciated at rates calculated to write off the cost of each asset over its estimated useful life as follows:

Office equipment	10 years
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- **Taxation**

The charitable company is exempt from corporation tax on its charitable activities.

- **Investments**

Investments held as fixed assets are revalued at mid-market value at the balance sheet date and the gain or loss taken to the Statement of Financial Activities.

- **Foreign exchange transactions**

Transactions in foreign currencies are recorded at an average rate of exchange for the year. Assets and liabilities denominated in foreign currencies are similarly translated at an average rate of exchange. All differences are taken to the Statement of Financial Activities.

- **Fund accounting**

Funds held by the charity are either:

- *Unrestricted general funds* – these are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.
- *Restricted funds* – these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

- **Changes in presentation**

Where changes in presentation have been made the comparative figures have been adjusted accordingly.

#### 2. LEGAL STATUS OF THE CHARITY

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding-up is limited to £1.

**PARTNERS IN HOPE****NOTES TO THE FINANCIAL STATEMENTS****31ST MARCH, 2005****3. SUPPORT COSTS**

	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>Unrestricted funds</b>		<b>Restricted funds - TACIS project</b>	
Consultancy charges	-	130	-	635
Bank charges	554	188	31	30
	—	—	—	—
	<b>£554</b>	<b>£318</b>	<b>£31</b>	<b>£665</b>
	—	—	—	—

**4. FUNDRAISING AND PUBLICITY**

	<b>2005</b>	<b>2004</b>
Consultancy charges - UK	7,500	7,371
- Agency for Social Information	5,269	3,311
Travel and accommodation and general expenses in Moscow	11,551	11,396
Telephone	1,814	982
Salaries - UK	21,600	16,000
- Russia	1,807	2,065
Advertising and publicity including website	6,077	-
Sundry	-	184
	—	—
	<b>£55,618</b>	<b>£41,309</b>
	—	—

**5. ESTABLISHMENT EXPENSES**

	<b>2005</b>	<b>2004</b>
	<b>Unrestricted funds</b>	
Rent and rates	2,115	1,815
Insurance	-	277
Light and heat	370	138
Cleaning	916	916
	—	—
	<b>£3,401</b>	<b>£3,146</b>
	—	—

**PARTNERS IN HOPE****NOTES TO THE FINANCIAL STATEMENTS****31ST MARCH, 2005****6. MANAGEMENT AND ADMINISTRATION OF THE CHARITY**

	<b>2005</b>	<b>2004</b>
	<b>Unrestricted funds</b>	
Salaries	16,145	21,760
General administrative expenses	2,945	2,386
Auditors' remuneration - current year	2,350	1,763
- adjustment re prior year	1,410	-
Depreciation	868	953
Bank charges	75	106
Book-keeping	543	410
Legal charges	1,104	-
	<hr/>	<hr/>
	£25,440	£27,378
	<hr/>	<hr/>

**7. NET INCOMING/(OUTGOING) RESOURCES FOR THE YEAR**

	<b>2005</b>	<b>2004</b>
Net incoming/(outgoing) resources for the year are stated after charging:-		
Depreciation	£868	£953
Auditors' remuneration	£2,350	£1,763
	<hr/>	<hr/>

**8. EMOLUMENTS OF THE DIRECTORS**

No emoluments have been paid to the Directors (2004 - none).

**PARTNERS IN HOPE****NOTES TO THE FINANCIAL STATEMENTS****31ST MARCH, 2005****9. TANGIBLE ASSETS**

	<b>Office equipment</b>
<b>Cost</b>	
At 31st March, 2004	10,357
Additions	616
	<hr/>
At 31st March, 2005	10,973
	<hr/>
<b>Depreciation</b>	
At 31st March, 2004	7,498
Charge for year	868
	<hr/>
At 31st March, 2005	8,366
	<hr/>
<b>Net book values</b>	
At 31st March, 2005	£2,607
	<hr/>
At 31st March, 2004	£2,859
	<hr/>

**10. INVESTMENTS**

	<b>2005</b>	<b>2004</b>
<b>Unlisted</b>		
At 31st March, 2004	288,475	358,334
Additions	50,000	-
Disposals	(46,000)	(57,000)
Loss arising from disposal and change in value	(2,001)	(12,859)
	<hr/>	<hr/>
At 31st March, 2005	£290,474	£288,475
	<hr/>	<hr/>

The above loss represents the unrealised decrease in value over the period the investment has been held and arises by comparing the market value of the investment at the beginning and end of the financial year as adjusted by transactions during each year.

The company's investment is comprised of CAF Bond Income Fund units managed by Charities Aid Foundation.



**PARTNERS IN HOPE****NOTES TO THE FINANCIAL STATEMENTS****31ST MARCH, 2005****11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2005</b>	<b>2004</b>
Bank overdraft	1,185	-
Accruals	3,090	3,625
	<hr/>	<hr/>
	£4,275	£3,625
	<hr/>	<hr/>