

Registered Number: 4027711

FLEMING FAMILY & PARTNERS (RUSSIA) LIMITED

Annual Report and Accounts

31 March 2007

THURSDAY



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COMPANIES HOUSE

DIRECTORS

R J Fleming (Chairman)
M R Garber
R A Hill
G M Rochussen
D M Sukhanov

SECRETARY

Ms C E S Stone

REGISTERED OFFICE

Ely House
37 Dover Street
London
W1S 4NJ

Telephone 020 7409 5600
Fax 020 7409 5601

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Southwark Towers
32 London Bridge Street
London SE1 9SY

REGISTERED NUMBER

4027711

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2007

The directors present their report and the audited financial statements of the company for the year ended 31 March 2007

PRINCIPAL ACTIVITIES

The principal activity during the period was providing support for various Group companies under consulting service agreements and corporate advice for certain Russian clients

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

In the year under review, the Company advised various Group entities on a number of projects. It also advised local Russian clients on their international development. The Company also provided services to fellow subsidiaries of Fleming Family & Partners in respect of the management and development of the FF&P Russian Real Estate Fund and the FF&P Russia Real Estate Development Fund. The office is actively engaged in sourcing new clients, on a selective basis, and is engaged in pursuing investment opportunities in the region.

The consolidated financial statements of Fleming Family & Partners Limited include a review of the Group's principal business risks and uncertainties and business development and performance.

RESULTS AND DIVIDENDS

For the year ended 31 March 2007, the Company recorded an operating loss of £441,000 (2006: £111,000 loss) on gross revenues of £3,038,000 (2006: £2,638,000), and a retained loss of £234,000 (2006: £160,000 loss) after interest and tax. At 31 March 2007, the Company had net liabilities of £477,000 (2006: £231,000).

No dividend has been declared in the period (2006: nil).

DIRECTORS

The directors of the Company are listed on page 1.

EMPLOYEES

Fleming Family & Partners (Russia) Limited has 38 employees based in its Moscow representative office (2006: 32).

POLICY & PRACTICE ON PAYMENT OF CREDITORS

It is the company's intention to be a timely payer of bills where the aim is to settle all invoices within 30 days of receipt.

FINANCIAL RISK MANAGEMENT

The Company is exposed to financial risk predominantly through the operation of its bank accounts. Balances on such accounts are generally held on short term notice and are therefore subject to short term variations in interest rates.

Currency risk

Substantially all of the Company's income and expenses, assets and liabilities are denominated in foreign currency, predominantly US dollars. The Company ensures that the exposure to net assets held in foreign currency is monitored and reduced as appropriate.

Market risk

The majority of the Company's income arises from services provided to other group companies on a cost-plus basis and is not therefore subject to market risk

Credit risk

In addition to services provided to group companies the Company earns fees for the provision of advisory services. Significant Advisory mandates are only agreed following approval from the Risk Management Group

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware. The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year that 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 year. 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,

state whether applicable United Kingdom accounting standards have been followed subject to any material departures disclosed and explained in the financial statements, and

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 that 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.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

COMPANIES ACT 1985

An elective resolution under section 379A of the Companies Act 1985 is in force dispensing with the requirement for the holding of annual general meetings, laying of accounts before shareholders at general meetings and the annual re-election of auditors.

By order of the Board



C E S Stone

Secretary

08 June 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FLEMING FAMILY & PARTNERS (RUSSIA) LIMITED

We have audited the financial statements of Fleming Family & Partners (Russia) Limited for the year ended 31 March 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

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 in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Directors' Report 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 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 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 judgments 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, of the state of the company's affairs as at 31 March 2007 and of its loss for the year then ended,

Fleming Family & Partners (Russia) Limited

- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

PricewaterhouseCoopers LLP

*PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
27 July 2007*

Fleming Family & Partners (Russia) Limited

Profit and Loss Account for the year ended 31 March 2007

	Note	2007 £'000	2006 £'000
Turnover		3,038	2,638
Administrative expenses		(3,479)	(2,749)
Operating loss	3	(441)	(111)
Interest receivable and similar income		4	22
Loss on ordinary activities before taxation		(437)	(89)
Tax on loss on ordinary activities	7	203	(71)
Retained loss for the financial year		(234)	(160)

All turnover is attributable to continuing operations

The Company has no recognised gains and losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss before taxation and the retained loss for the financial year stated above and their historical cost equivalents

Fleming Family & Partners (Russia) Limited

Balance Sheet as at 31 March 2007

	Note	2007 £'000	2006 £'000
Fixed assets			
Tangible assets	8	540	531
Current assets			
Debtors	9	937	328
Cash at bank and in hand		284	372
		1,221	700
Creditors – amounts falling due within one year	11	(1,543)	(767)
Net current liabilities		(322)	(67)
Total assets less current liabilities		218	464
Creditors – amounts falling due after more than one year	12	(695)	(695)
Net liabilities		(477)	(231)
Capital and reserves			
Called up share capital	13	55	55
Profit & loss account	14	(532)	(286)
Total shareholder's funds	15	(477)	(231)

The financial statements on pages 6 to 13 were approved by the board of directors on 08 June 2007 and were signed on its behalf by



Gavin Rockussen
Director

The accounting policies and notes to the accounts on pages 8 to 13 form part of these financial statements

Notes to the financial statements for the year ended 31 March 2007

1. Accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards. The principal accounting policies are set out below.

Turnover – Turnover comprises fee income received for the provision of advisory services to Russian corporate clients and FFP Services, a company within the same Group. Turnover is recognised on an accruals basis.

Leases – Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Foreign currencies – All foreign currency transactions have been converted into sterling at the mid-market rate prevailing on the date that the transaction is booked. Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling on the balance sheet date. Overseas profits and losses are translated into sterling at average rates of exchange for the year. Exchange differences arising from the application of closing rates of exchange to the opening net assets held overseas, to the retranslation of the result for the year from the average rate to the closing rate are taken directly to reserves. All other exchange profits and losses, which arise from normal trading activities, are included in the profit and loss account.

Depreciation and amortisation – Computers and related information technology equipment including, where considered appropriate, cabling and infrastructure costs have been capitalised and are being depreciated on a straight-line basis over two years. All other fixed assets including vehicles, furniture, fixtures and fittings and leasehold improvements are being depreciated on a straight-line basis over four years.

Pensions – The pension cost recognised in the profit and loss account represents the contributions payable to the pension scheme.

Fixed assets – Assets with a unit value of less than £1,000 have not been capitalised but have been written off directly to the profit and loss account.

2. Cash flow statement and related party disclosures

As permitted by FRS1 (revised 1996) the Company's cash flow statement has not been included as it is a wholly owned subsidiary of Fleming Family & Partners Limited and its cash flow appears as part of the Group consolidated cash flow in the Group's accounts.

The Company has taken advantage of the provisions of FRS8, which exempts it from disclosing related party transactions where the related party is part of the Fleming Family & Partners Group or is an investor in the Group.

3. Operating loss

	2007 £'000	2006 £'000
Operating loss is stated after charging		
Wages and salaries	1,604	1,261
Social security costs	125	14
Other pension costs (Note 16)	92	57
Share-based remuneration	54	-
Staff costs	1,875	1,332
Depreciation of tangible fixed assets		
Owned assets	167	72
Operating lease charges		
Land and buildings	368	194
Auditor's remuneration		
Audit services	11	13

4. Operating leases

	2007 £'000	2006 £'000
Land and buildings		
Within one year	-	194
In more than one year, but not more than five years	368	-
After five years	-	-
	368	194

5. Directors' emoluments

	2007 £'000	2006 £'000
Aggregate emoluments and benefits under Long Term Incentive Plan		
Company contributions to pension scheme	5	6
	395	345
Highest paid director		
Aggregate emoluments and benefits under Long Term Incentive Plan	148	120
Company contributions to pension scheme	-	-
	148	120

Retirement benefits are accruing to 3 (2006 3) directors under a money purchase pension scheme

6. Employee information

The average monthly number of persons (including executive directors) employed by the Company during the year was 35 (2006 29)

7. Tax on profit on ordinary activities

	2007 £'000	2006 £'000
Current tax:		
UK corporation tax on losses of the year	(195)	-
Foreign corporation tax charge on losses of the year	79	71
Total current tax	(116)	71
Origination and reversal of timing differences	(87)	-
Total deferred tax (Note 10)	(87)	-
Tax on loss on ordinary activities	(203)	71

The tax assessed for the period is higher (2006 higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below

Loss on ordinary activities before tax	(437)	(89)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%)	(131)	(27)
Effects of		
Expenses not deductible for tax purposes	44	27
Depreciation in excess of capital allowances	28	(9)
Surrender of group relief for payment at 100%	(136)	-
Overseas taxation	79	71
Relief for double taxation	-	9
Current tax charge for the year	(116)	71

8. Tangible assets

	Leasehold Improvements £'000	Vehicles £'000	Furniture, Fixtures & Fittings £'000	Computer Equipment £'000	Total £'000
Cost					
At 1 April 2006	397	163	65	16	641
Additions	1	147	10	24	182
Foreign exchange	-	(2)	(1)	-	(3)
At 31 March 2007	398	308	74	40	820
Accumulated depreciation					
At 1 April 2006	(50)	(43)	(10)	(7)	(110)
Charge for the year	(99)	(47)	(12)	(9)	(167)
Foreign exchange	-	(2)	(1)	-	(3)
At 31 March 2007	(149)	(92)	(23)	(16)	(280)
Net book value					
At 1 April 2006	347	120	55	9	531
At 31 March 2007	249	216	51	24	540

9. Debtors

	2007 £'000	2006 £'000
Trade debtors	5	21
Amounts owed by group undertakings	316	76
Corporation tax receivable	244	-
Deferred tax	87	-
Other tax receivable	-	36
Other debtors	109	154
Prepayments and accrued income	176	41
	937	328

10. Deferred tax asset

	2007 £'000	2006 £'000
Accelerated capital allowances	87	-
Deferred tax asset	87	-
At 1 April 2006	-	
Deferred tax credit in profit and loss account (Note 7)	87	
31 March 2007	87	

11. Creditors – amounts falling due within one year

	2007 £'000	2006 £'000
Amounts owed to group undertakings	1,206	216
Corporation tax	-	209
Other tax payable	25	13
Other creditors	34	79
Accrued expenses	278	250
	1,543	767

12 Creditors – amounts falling due after one year

	2007 £'000	2006 £'000
695,000 8% non-cumulative preference shares of £1 each	695	695
	695	695

The principle rights attached to the preference shares are as follows -

- (i) Non-cumulative dividend of 8% per annum payable in priority to dividends on the ordinary shares,
- (ii) No entitlement to vote at general meetings,
- (iii) Redeemable at par plus any accrued dividend at the option of the Company,
- (iv) On a winding up the holders have priority before all other classes of shares to receive repayment of capital plus any accrued dividend

13 Called up share capital

	2007	2006
	£'000	£'000
Authorised		
500,000 ordinary shares of £1 each	500	500
	500	500
Allotted, called up and fully paid		
Ordinary shares of £1 each		
At 1 April – 55,000 (2006 55,000)	55	55
At 31 March – 55,000 (2006: 55,000)	55	55

14. Profit and loss account

	2007
	£'000
At 1 April 2006	(286)
Exchange adjustments	(12)
Retained loss for the financial year	(234)
At 31 March	(532)

15. Reconciliation of movement in shareholders' funds

	2007	2006
	£'000	£'000
Loss for the year	(234)	(160)
Exchange adjustments	(12)	-
Net change in shareholder's funds	(246)	(160)
Opening shareholder's funds as previously reported	(231)	624
Prior year adjustment – FRS 25	-	(695)
Opening shareholders' funds as restated	(231)	(71)
Closing shareholders' funds	(477)	(231)

16. Pension commitments

During the year, the Company made total contributions of £92,000 (2006 £ 55,000) to the Russian state pension scheme and £2,000 (2006 £1,840) to the Fleming Family & Partners Group Personal Pension Plan through a charge from FFP Services Limited, a fellow subsidiary within the Fleming Family & Partners Limited Group

17. Contingent liabilities

The company had no contingent liabilities as at 31 March 2007 (2006 none)

18. Other related party transactions

The Company has no other related party transactions that require disclosure (2006 none)

19 Ultimate parent undertaking

The immediate and ultimate parent undertaking and controlling party is Fleming Family & Partners Limited, a company incorporated in England (registered number 4006741) Copies of the Group's consolidated financial statements can be obtained from the Company Secretary at 37 Dover Street, London W1S 4NJ