

Registered Number: 4027711

FLEMING FAMILY & PARTNERS (RUSSIA) LIMITED

Annual Report and Accounts

31 March 2009

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COMPANIES HOUSE

Fleming Family & Partners (Russia) Limited

DIRECTORS

M R Garber
R A Hill
D M Sukhanov
R D Schuster

SECRETARY

C E S Scott

REGISTERED OFFICE

15 Suffolk Street
London
SW1Y 4HG

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Hay's Galleria
1 Hay's Lane
London SE1 2RD

REGISTERED NUMBER

4027711

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2009

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was providing support to various Fleming Family & Partners Limited Group companies under consulting service agreements and providing corporate advice for certain Russian clients of the Group.

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 Limited 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 annual report and accounts of Fleming Family & Partners Limited include a review of the Group's principal business risks and uncertainties and business development and performance, including this Company.

RESULTS AND DIVIDENDS

For the year ended 31 March 2009, the Company recorded an operating profit of £251,000 (2008: £699,000 loss) on gross revenues of £5,083,000 (2008: £3,048,000), and a retained loss of £15,000 (2008: £381,000 loss) after interest and tax. At 31 March 2009, the Company had net liabilities of £841,000 (2008: £810,000).

No dividend has been declared in the period (2008: nil).

DIRECTORS

The Directors of the Company are listed on page 1. G M Rochussen resigned as a Director of the Company on 3 September 2008.

Since the year end, Mr R D Schuster was appointed Director of the Company with effect from 18 June 2009.

EMPLOYEES

Fleming Family & Partners (Russia) Limited has 48 (2008: 39) employees based in its Moscow representative office. The Company had no other direct employees but is recharged by FFP Services Limited for the cost of staff carrying out work on its behalf.

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.

GOING CONCERN

The Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

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 managed as appropriate.

Market risk

The Company's income comprises primarily of:

- Advisory fees charged to third parties
- Income for services provided to Group companies.

Accordingly, the Company's income is largely not subject to market risk.

Credit risk

The majority of the Company's assets comprises debtors and cash at bank. It is the Company's policy to hold cash with a small number of high quality institutions. Debtors are monitored regularly.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

So far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware. 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.

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:

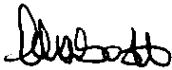
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Fleming Family & Partners (Russia) Limited

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 these financial statements.

Approved by the Board



C E S Scott
Secretary
30 June 2009

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 2009 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 2009 and of its loss 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 Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

*PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
30 June 2009*

Fleming Family & Partners (Russia) Limited

Profit and Loss Account for the year ended 31 March 2009

	Note	2009 £'000	2008 £'000
Turnover		5,083	3,048
Administrative expenses		(4,832)	(3,747)
Operating profit/(loss)	3	251	(699)
Interest receivable and similar income		2	3
Profit/(loss) on ordinary activities before taxation		253	(696)
Tax (charge)/credit on profit/(loss) on ordinary activities	7	(268)	315
Loss for the financial year		(15)	(381)

The above results are all attributable to continuing operations.

The Company has no recognised gains and losses other than as disclosed 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 years stated above and their historical cost equivalents.

The notes on pages 9 to 15 form an integral part of these financial statements.

Fleming Family & Partners (Russia) Limited

Balance Sheet as at 31 March 2009

	Note	2009 £'000	2008 £'000
Fixed assets			
Tangible assets	8	564	429
Current assets			
Debtors	10	1,177	1,111
Cash at bank and in hand		693	302
		1,870	1,413
Creditors – amounts falling due within one year	12	(2,580)	(1,957)
Net current liabilities		(710)	(544)
Total assets less current liabilities		(146)	(115)
Creditors – amounts falling due after more than one year	13	(695)	(695)
Net liabilities		(841)	(810)
Capital and reserves			
Called up share capital	14	55	55
Profit & loss account	15	(896)	(865)
Total shareholder's deficit	16	(841)	(810)

The financial statements on pages 7 to 15 were approved by the Board of Directors on 30 June 2009 and were signed on its behalf by:



R D Schuster
Director

The notes on pages 9 to 15 form an integral part of these financial statements.

Notes to the financial statements for the year ended 31 March 2009.

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 in the United Kingdom. The principal accounting policies are set out below and are consistently applied.

Going concern - The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the annual report and accounts of Fleming Family & Partners Limited. The Directors' Report on pages 2 to 4 describes the financial position of the Company and its financial risk management objectives, including its exposure to credit risk.

The Company meets its day to day working capital requirements through its cash resources and with the support of intercompany loans.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current cash with the support of intercompany loans.

The Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern bases in preparing the annual report and accounts.

Turnover – Turnover comprises fee income receivable 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 as the Company becomes contractually entitled to such income.

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 - Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the year and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

Depreciation – 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 defined contribution pension scheme.

Fleming Family & Partners (Russia) Limited

Investments - Fixed asset investments are shown at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

Tangible 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.

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation.

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 FRSS, 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 profit/ (loss)

	2009 £'000	2008 £'000
Operating profit/(loss) is stated after charging		
Wages and salaries	2,487	1,842
Social security costs	154	118
Other pension costs (Note 16)	21	98
Share-based remuneration	5	65
Staff costs	2,667	2,123
Depreciation of tangible fixed assets		
Owned assets	206	166
Operating lease charges		
Land and buildings	728	341
Auditor's remuneration		
Audit services – statutory reporting	31	11
Tax services	2	-

FFP Services charges the Company for staff costs incurred in the UK and central services. This includes audit costs in respect of the Company. Total charges for the year amounted to £437,000 (2008: £496,000).

The cost of share-based employee remuneration, whereby Executive Directors and employees may receive conditional awards of deferred shares in Fleming Family & Partners Limited, is not borne by the Company but is charged to the Company by Fleming Family & Partners Limited. Total charges for the year amounted to £5,000 (2008: £65,000).

4. Operating leases

	2009 £'000	2008 £'000
Land and buildings		
Within one year	669	-
In more than one year, but not more than five years	353	565
After five years	-	-
	1,022	565

5. Directors' emoluments

	2009 £'000	2008 £'000
Aggregate emoluments and benefits under Long Term Incentive Plan	334	439
Compensation for loss of office	55	-
Company contributions to defined contribution pension scheme	5	6
	394	445

	2009 £'000	2008 £'000
Highest paid director		
Aggregate emoluments and benefits under Long Term Incentive Plan	158	166
Company contributions to defined contribution pension scheme	-	-
	158	166

Retirement benefits are accruing to 1 Director (2008: 2 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 48 (2008: 39).

7. Tax on profit on ordinary activities

	2009 £'000	2008 £'000
Current tax:		
UK corporation tax on losses of the year	-	(374)
Foreign corporation tax charge on losses of the year	94	97
Total current tax	94	(277)
Origination and reversal of timing differences	174	(38)
Total deferred tax (Note 10)	174	(38)
Tax on profit/(loss) on ordinary activities	268	(315)

The tax assessed for the period is higher than (2008: higher than) the standard rate of corporation tax in the UK 28% (2008:30%). The differences are explained below:

7. Tax on profit on ordinary activities continued

	2009 £'000	2008 £'000
Profit/(loss) on ordinary activities before tax	253	(696)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008: 30%)	71	(209)
Effects of:		
Double tax relief	(39)	-
Expenses not deductible for tax purposes	30	60
Depreciation in excess of capital allowances	26	32
Surrender of group relief for payment	(89)	(277)
Overseas taxation	94	97
Disallowable recharge of LTIP	1	20
Current tax charge for the year	94	(277)

The standard rate of Corporation Tax in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly, the Company's profits for this accounting period are taxed at 28%.

8. Tangible assets

	Motor vehicles £'000	Furniture, fixtures & fittings £'000	Computer equipment £'000	Leasehold improvements £'000	Total £'000
Cost or valuation					
At 1 April 2008	279	94	63	395	831
Additions	-	39	19	249	307
Disposals	-	-	-	-	-
Exchange adjustments	20	-	-	2	22
Fully depreciated assets written-off	(10)	(34)	(29)	-	(73)
At 31 March 2009	289	99	53	646	1,087
Accumulated depreciation					
At 1 April 2008	(43)	(70)	(42)	(247)	(402)
Charge for period	(24)	(19)	(23)	(140)	(206)
Disposals	-	-	-	-	-
Exchange adjustments	1	11	2	(2)	12
Fully depreciated assets written-off	10	34	29	-	73
At 31 March 2009	(56)	(44)	(34)	(389)	(523)
Net book value					
At 1 April 2008	236	24	21	148	429
At 31 March 2009	233	55	19	257	564

9. Investment

There is an interest in a joint venture of 51% in Fleming Family & Partners Asset Management Holdings Limited. The principal activity of Fleming Family & Partners Asset Management Holdings Limited is asset management. It is incorporated in Cyprus and its country of principal operations is Russia. In view of certain reserved matters in the shareholders agreement of Fleming Family & Partners Asset Management Holdings Limited the results of the company are not consolidated.

10. Debtors

	2009 £'000	2008 £'000
Trade debtors	138	39
Amounts owed by group undertakings	587	444
Corporation tax receivable	-	42
Deferred tax	-	125
Other debtors	194	131
Prepayments and accrued income	258	330
	1,177	1,111

Amounts owed by group undertakings, being inter-company loans, are unsecured, interest free and have no fixed dates of repayment.

11. Deferred tax (liability)/ asset

	2009 £'000	2008 £'000
Timing differences	(49)	125
Deferred tax (liability)/ asset	(49)	125
At 1 April 2008	125	87
Deferred tax credit in profit and loss account (Note 7)	(174)	38
31 March 2009	(49)	125

12. Creditors – amounts falling due within one year

	2009 £'000	2008 £'000
Trade creditors	93	-
Amounts owed to group undertakings	1,653	1,637
Other creditors	-	83
Other tax payable	423	-
Accruals and deferred income	411	237
	2,580	1,957

Amounts owed to group undertakings, being inter-company loans, are unsecured, interest free and have no fixed dates of repayment.

13. Creditors – amounts falling due after one year

	2009 £'000	2008 £'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.

14. Called up share capital

	2009 £'000	2008 £'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 (2008: 55,000)	55	55
At 31 March – 55,000 (2008: 55,000)	55	55

15. Profit and loss account

	2009 £'000
At 1 April 2008	(865)
Exchange adjustments	(16)
Loss for the financial year	(15)
At 31 March	(896)

16. Reconciliation of movement in shareholders' deficit

	2009 £'000	2008 £'000
Loss for the year	(15)	(381)
Exchange adjustments	(16)	48
Net change in shareholder's deficit	(31)	(333)
Opening shareholder's deficit	(810)	(477)
Closing shareholders' deficit	(841)	(810)

16. Reconciliation of movement in shareholders' deficit continued

Analysis of shareholder's deficit

	2009	2008
	£'000	£'000
Non-equity – preference shares	695	695
Equity – ordinary shares	(1,536)	(1,505)
Closing shareholder's funds	(841)	(810)

17. Pension commitments

During the year, the Company made total contributions of £19,000 (2008: £91,000) to the Russian state pension scheme and £ 2,000 (2008: £7,000) 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.

18. Contingent liabilities

The Company can from time to time be party to legal and other claims in the ordinary course of its business. The Directors assess all claims carefully and make provision and/or disclosure as appropriate. In the Board's opinion no provisions or disclosures are necessary in these financial statements (2008: none).

19. Related party transactions

The Company has no other related party transactions that require disclosure (2008: none).

20. Ultimate parent undertaking

The immediate and ultimate parent undertaking and controlling party of the Company 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 15 Suffolk Street, London SW1Y 4HG.