

**Registered Number: 4027711**

**FLEMING FAMILY & PARTNERS (RUSSIA) LIMITED**

**Annual Report and Accounts**

**For the year ended 31 March 2010**



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**Fleming Family & Partners (Russia) Limited**

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**DIRECTORS**

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

**COMPANY SECRETARY**

C E S Scott

**REGISTERED OFFICE**

15 Suffolk Street  
London  
SW1Y 4HG

**INDEPENDENT AUDITORS**

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

**REGISTERED NUMBER**

4027711

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2010**

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2010

**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, performance and key performance indicators, including this Company.

**RESULTS AND DIVIDENDS**

For the year ended 31 March 2010, the Company recorded an operating loss of £159,000 (2009: £251,000 profit) on gross revenues of £5,277,000 (2009: £5,083,000), and a retained loss of £113,000 (2009: £15,000 loss) after interest and tax. At 31 March 2010, the Company had net liabilities of £1,020,000 (2009: £841,000).

The Directors do not recommend the payment of any dividend for the year ended 31 March 2010 (2009: nil).

**DIRECTORS**

The Directors of the Company are listed on page 1. R D Schuster was appointed as a Director of the Company with effect from 18 June 2009.

There have been no changes in Directors since the year end.

**EMPLOYEES**

Fleming Family & Partners (Russia) Limited has 49 (2009: 48) 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**

The Directors are responsible for preparing the Directors' report and 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 UK GAAP. Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent;

## **Fleming Family & Partners (Russia) Limited**

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- state whether applicable UK GAAP has been followed, subject to any material departures disclosed and explained in the accounts, and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

### **COMPANIES ACTS 1985 & 2006**

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. This elective resolution remains in force under the Companies Act 2006.

Approved by the Board of Directors and signed on its behalf by



C E S Scott  
Company Secretary  
28 June 2010

Fleming Family & Partners (Russia) Limited  
Registered Number 4027711

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

We have audited the financial statements (the "financial statements") of Fleming Family & Partners (Russia) Limited for the year ended 31 March 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

**Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 and 4 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of the loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

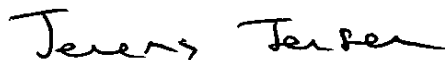
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us, or

- the company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Jeremy Jensen (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
28 June 2010

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**Fleming Family & Partners (Russia) Limited**

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Profit and Loss Account for the year ended 31 March 2010

	Note	2010 £'000	2009 £'000
Turnover		5,277	5,083
Administrative expenses		(5,436)	(4,832)
<b>Operating (loss)/profit</b>	<b>3</b>	<b>(159)</b>	<b>251</b>
Interest receivable and similar income		-	2
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(159)</b>	<b>253</b>
Tax credit/(charge) on (loss)/profit on ordinary activities	7	46	(268)
<b>Loss for the financial year</b>		<b>(113)</b>	<b>(15)</b>

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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 material difference between the (loss)/profit 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

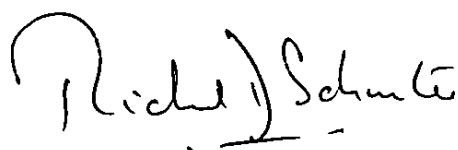


**Fleming Family & Partners (Russia) Limited**

Balance Sheet as at 31 March 2010

	Note	2010 £'000	2009 £'000
<b>Fixed assets</b>			
Tangible assets	8	230	564
Investments	9	-	-
		<b>230</b>	<b>564</b>
<b>Current assets</b>			
Debtors	10	1,567	1,177
Cash at bank and in hand		688	693
		<b>2,255</b>	<b>1,870</b>
<b>Creditors – amounts falling due within one year</b>	12	<b>(2,700)</b>	<b>(2,580)</b>
Provisions for liabilities and charges	13	(110)	-
<b>Net current liabilities</b>		<b>(555)</b>	<b>(710)</b>
<b>Total assets less current liabilities</b>		<b>(325)</b>	<b>(146)</b>
<b>Creditors – amounts falling due after more than one year</b>	14	<b>(695)</b>	<b>(695)</b>
<b>Net liabilities</b>		<b>(1,020)</b>	<b>(841)</b>
<b>Capital and reserves</b>			
Called up share capital	15	55	55
Profit & loss account	16	(1,075)	(896)
<b>Total shareholder's deficit</b>	17	<b>(1,020)</b>	<b>(841)</b>

The financial statements on pages 7 to 15 were approved by the Board of Directors on 28 June 2010 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 2010

**1. Accounting policies**

*Basis of preparation* - These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 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.

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 basis 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**

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*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.

*Provisions* - Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be readily estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations is small.

### **2. Cash flow statement and related party disclosures**

As permitted by FRS1 (revised 1996), the Cash Flow Statement, 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, Related Party Transactions, 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)/profit**

	2010 £'000	2009 £'000
<b>Operating (loss)/profit is stated after charging</b>		
Wages and salaries	2,332	2,487
Social security costs	144	154
Other pension costs (Note 18)	31	21
Share-based remuneration	38	5
<b>Staff costs</b>	<b>2,545</b>	<b>2,667</b>
<b>Depreciation of tangible fixed assets</b>		
Owned assets	333	206
<b>Operating lease charges</b>		
Land and buildings	788	728
<b>Auditor's remuneration</b>		
Audit services - statutory reporting	32	31
Tax services	4	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 £462,004 (2009 £437,000).

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 £38,415 (2009 £5,000).

## Fleming Family & Partners (Russia) Limited

### 4. Operating leases

	2010	2009
	£'000	£'000
<b>Land and buildings</b>		
Within one year	960	669
In more than one year, but not more than five years	520	353
After five years		-
	<b>1,480</b>	<b>1,022</b>

### 5. Directors' emoluments

	2010	2009
	£'000	£'000
Aggregate emoluments and benefits under Long Term Incentive Plan	297	334
Compensation for loss of office	-	55
Company contributions to defined contribution pension scheme	2	5
	<b>299</b>	<b>394</b>

	2010	2009
	£'000	£'000
<b>Highest paid director</b>		
Aggregate emoluments and benefits under Long Term Incentive Plan	164	158
Company contributions to defined contribution pension scheme	-	-
	<b>164</b>	<b>158</b>

Retirement benefits are accruing to 1 Director (2009: 1 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 49 (2009: 48)

### 7. Tax on (loss)/profit on ordinary activities

	2010	2009
	£'000	£'000
<b>Current tax:</b>		
UK corporation tax on losses of the year	-	-
Foreign corporation tax charge on losses of the year	104	94
<b>Total current tax</b>	<b>104</b>	<b>94</b>
Origination and reversal of timing differences	(150)	174
<b>Total deferred tax (Note 11)</b>	<b>(150)</b>	<b>174</b>
<b>Tax on profit/(loss) on ordinary activities</b>	<b>(46)</b>	<b>268</b>

The tax assessed for the period is higher than (2009: higher than) the standard rate of corporation tax in the UK 28% (2009: 28%). The differences are explained below

7. Tax on profit on ordinary activities (continued)

	2010 £'000	2009 £'000
<b>(Loss)/profit on ordinary activities before tax</b>	<b>(159)</b>	<b>253</b>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	(45)	71
Effects of		
Double tax relief	(52)	(39)
Expenses not deductible for tax purposes	7	30
Depreciation in excess of capital allowances	79	26
Surrender of group relief for payment		(89)
Overseas taxation	104	94
Disallowable recharge of LTIP	11	1
<b>Current tax charge for the year</b>	<b>104</b>	<b>94</b>

The standard rate of Corporation Tax in the UK is 28%. 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
<b>Cost or valuation</b>					
At 1 April	289	99	53	646	1,087
Additions	-	7	8	-	15
Disposals	(31)	-	-	-	(31)
Exchange adjustments	7	9	-	-	16
Fully depreciated assets written-off	-	-	(2)	-	(2)
<b>At 31 March</b>	<b>265</b>	<b>115</b>	<b>59</b>	<b>646</b>	<b>1,085</b>
<b>Accumulated depreciation</b>					
At 1 April	(56)	(44)	(34)	(389)	(523)
Charge for period	(146)	(21)	(19)	(147)	(333)
Disposals	24	-	-	-	24
Exchange adjustments	(14)	(12)	1	-	(25)
Fully depreciated assets written-off	-	-	2	-	2
<b>At 31 March</b>	<b>(192)</b>	<b>(77)</b>	<b>(50)</b>	<b>(536)</b>	<b>(855)</b>
<b>Net book value</b>					
At 1 April	233	55	19	257	564
<b>At 31 March</b>	<b>73</b>	<b>38</b>	<b>9</b>	<b>110</b>	<b>230</b>

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**Fleming Family & Partners (Russia) Limited**

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**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**

	2010 £'000	2009 £'000
Trade debtors	-	138
Amounts owed by group undertakings	986	587
Corporation tax receivable	-	-
Deferred tax	101	-
Other debtors	72	194
Prepayments and accrued income	408	258
	<b>1,567</b>	<b>1,177</b>

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

**11. Deferred tax asset/(liability)**

	2010 £'000	2009 £'000
Timing differences	101	(49)
<b>Deferred tax asset/(liability)</b>	<b>101</b>	<b>(49)</b>
At 1 April	(49)	125
Deferred tax charge/(credit) in profit and loss account (Note 7)	150	(174)
<b>31 March</b>	<b>101</b>	<b>(49)</b>

**12. Creditors – amounts falling due within one year**

	2010 £'000	2009 £'000
Trade creditors	5	93
Amounts owed to group undertakings	1,993	1,653
Other creditors	198	-
Other tax payable	24	423
Accruals and deferred income	480	411
	<b>2,700</b>	<b>2,580</b>

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

**13. Provisions for liabilities and charges**

**Onerous lease provision**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
At 1 April	-	-
Charged to the profit and loss account	110	-
<b>31 March</b>	<b>110</b>	<b>-</b>

The above provision reflects amounts in connection with an onerous lease, following the Group's decision to vacate an office building. This provision will be fully utilised by January 2011.

**14. Creditors – amounts falling due after one year**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
695,000 8% non-cumulative preference shares of £1 each	695	695
	<b>695</b>	<b>695</b>

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

**15. Called up share capital**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Authorised</b>		
500,000 ordinary shares of £1 each	500	500
	<b>500</b>	<b>500</b>

**Allotted and fully paid**

<b>Ordinary shares of £1 each</b>		
At 1 April – 55,000 (2009: 55,000)	55	55
<b>At 31 March – 55,000 (2009: 55,000)</b>	<b>55</b>	<b>55</b>

**16. Profit and loss account**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
At 1 April	(896)	(865)
Foreign exchange reserve movement	(66)	(16)
Loss for the financial year	(113)	(15)
<b>At 31 March</b>	<b>(1,075)</b>	<b>(896)</b>

**17. Reconciliation of movement in shareholders' deficit**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Loss for the financial year	(113)	(15)
Foreign exchange reserve movement	(66)	(16)
<b>Net change in shareholder's deficit</b>	<b>(179)</b>	<b>(31)</b>
Opening shareholder's deficit	(841)	(810)
<b>Closing shareholders' deficit</b>	<b>(1,020)</b>	<b>(841)</b>

**Analysis of shareholder's deficit**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Non-equity – preference shares	695	695
Equity – ordinary shares	(1,715)	(1,536)
<b>Closing shareholder's funds</b>	<b>(1,020)</b>	<b>(841)</b>

**18. Pension commitments**

During the year, the Company made total contributions of £18,707 (2009 £19,000) to the Russian state pension scheme and £12,000 (2009 £2,000) 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

**19. 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 (2009 none)

**20. Related party transactions**

The Company has no other related party transactions that require disclosure (2009 none)

**21. 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