

**KYIV FINANCE PLC**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR TO 28 FEBRUARY 2013**  
**REGISTERED NUMBER: 07543612**



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The directors present their report and the audited financial statements of Kyiv Finance plc (the "Company") for the year ended 28 February 2013

**Principal Activities**

The Company was incorporated in England and Wales on 25 February 2011 as a public limited company. The principal activity of the Company is to carry on the business of a finance and investment company. In that capacity it has undertaken the following transactions

- Issued \$300,000,000 Fixed Rate 9.375% Loan Participation Notes ("LPN") due July 2016, listed on the Irish Stock Exchange,
- Granted a loan of \$300,000,000 to The Kyiv City Council ("The City"), a legal entity under the laws of Ukraine and the Company's ultimate controlling party (see note 14)

**Business Review, Operating Environment and Future Outlook**

The Company's loss for the year was \$3,626 (period to 29 February 2012: \$2,142) and the directors do not recommend the payment of a dividend.

The Company had net equity shareholders' funds of \$75,640 at the year end (2012: \$79,266 at the period end).

The directors have reviewed expenses and cash flows and are satisfied that for the foreseeable future there are sufficient funds available to meet expenses as and when they fall due.

The directors consider the financial position of the Company to be satisfactory.

**Principal Risks and Uncertainties**

The principal risks and uncertainties for the Company are primarily credit, interest rate and foreign exchange risks. This includes the correct and timely receipt of interest and principal on the loan due from The City and, to that effect during the year under review, all amounts were paid completely and timely when they were due.

The City is the only client of Kyiv Finance plc. The directors are satisfied that based on their assessment of the available financial and other information, The City will be able to fulfil its obligations to repay principal and interest on the loan when they fall due. In the event of a delay or default in the payment of interest by the borrower, the terms of the 9.375% LPN due 2016 make it clear that the Company is only obligated to pay interest and capital to Loan Note holders to the extent that amounts have been received from The City.

The directors have considered the nature and structure of the Company and are satisfied that there is sufficient capital in relation to the business activities of the Company and levels of planned financial performance.

**Key Performance Indicators**

Financial KPIs - The key performance indicators of the business is considered to be the payment and receipt of interest and the net equity shareholders' funds, which at the year end was \$75,640.

The directors have monitored the actual receipts and payments of interest to and from the Company through the bank statements to ensure these obligations are met. The directors believe that all conditions of the transaction documents have been met.

Non-financial KPIs – as the purpose of the business is entirely finance related, the directors are of the view that there are no meaningful non-financial KPIs that could be adopted.

**Directors**

The directors of the Company who held office during the period since incorporation were

L D.C Corporate Director No 3 Limited  
L D C Corporate Director No 4 Limited  
I K Bowden

The directors are not subject to retirement by rotation

**Directors' Interests**

The Directors have no interests in any shares in the Company or its ultimate controlling party.

**Financial Instruments**

A discussion of the Company's objectives, policies, strategies and risks with regard to financial instruments can be found in Note 9 to the financial statements

The Company is party to an agreement which raised finance through a fixed rate LPN, the proceeds of which were advanced to The City

As substantially all of the risks and rewards of ownership of the financial assets are transferred to the Loan Note holders, the financial asset and the associated financial liability have not been recognised in the financial statements

The Company does not undertake financial instrument transactions which are speculative or unrelated to the Company's trading activities

**Payment of Suppliers**

The directors believe that disclosure of the creditors' payment period is deemed unnecessary as the Company does not have any trade creditors' balances

**Going Concern**

The directors consider that the Company has adequate capital and liquid resources, an appropriate business model and financial structure and suitable arrangements in place for it to be able to continue in operational existence for the foreseeable future. Therefore the directors believe it appropriate for the financial statements to be prepared on a going concern basis

**Statement of Disclosure of Information to Auditor**

The directors who held office at the date of approval of this directors' report confirm that so far as the directors are aware there is no relevant audit information of which the Company's auditor are unaware. The directors have taken all steps that ought to have been taken to be aware of any relevant audit information and to establish that the auditor are aware of that information

**Financial Reporting, Risk and Internal Controls**

The Company has outsourced the financial reporting function to Law Debenture Corporate Services Limited

**Auditor**

On 25 April 2013 PKF (UK) LLP resigned as auditor to the Company following the firm entering into a business combination with BDO LLP and BDO LLP was appointed as auditor to fill the casual vacancy.

By order of the Board



Representing Law Debenture Corporate Services Ltd

**Law Debenture Corporate Services Limited**

Secretary

27 August 2013

**Registered Office**

Fifth Floor  
100 Wood Street  
London EC2V 7EX

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 period.

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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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, to the best of their knowledge

- that the financial statements, which have been prepared in accordance with UK Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- that the management report included within the directors' report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that it faces

The names and functions of all the directors are stated on page 3

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KYIV FINANCE PLC**

We have audited the financial statements of Kyiv Finance plc for the year ended 28 February 2013 which comprise the profit and loss account, the balance sheet, the cash flow statement 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 explained more fully in the statement of directors' responsibilities, 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 and express an opinion on 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.

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**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 28 February 2013 and of its 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 matters 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KYIV FINANCE PLC (Continued)**

**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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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

BDO LLP

**Rosemary Clarke** (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor

London

United Kingdom

27 August 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)



**KYIV FINANCE PLC**  
**PROFIT AND LOSS ACCOUNT**

**REGISTERED NUMBER: 07543612**

		25 Feb 2011 to 29 Feb 2012 \$000	28 Feb 2013 \$000
	Note		
Other operating income		142	68
Administrative expenses		(142)	(68)
Loss on foreign exchange		(2)	(3)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	<u>(2)</u>	<u>(3)</u>
Taxation on loss on ordinary activities	4	-	-
<b>LOSS FOR THE YEAR / PERIOD</b>		<u>(2)</u>	<u>(3)</u>

There are no recognised gains or losses other than the result for the year / period stated above  
Accordingly, no statement of total recognised gains and losses is given

The above amounts relate exclusively to continuing operations

The annexed notes form an integral part of these financial statements

**KYIV FINANCE PLC**  
**BALANCE SHEET**  
**AT 28 FEBRUARY 2013**

**REGISTERED NUMBER: 07543612**

		<b>28 February 2013 \$000</b>	<b>29 February 2012 \$000</b>
	<b>Note</b>		
<b>CURRENT ASSETS</b>			
Debtors amounts falling due after more than one year	5	115	167
Debtors amounts falling due within one year	6	63	67
Cash in hand and at bank		<u>76</u>	<u>79</u>
		<b>254</b>	<b>313</b>
<b>CREDITORS</b>			
Amounts falling due within one year	7	<u>(63)</u>	<u>(67)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>191</b>	<b>246</b>
<b>CREDITORS:</b>			
Amounts falling due after more than one year	8	(115)	(167)
<b>TOTAL NET ASSETS</b>		<u><b>76</b></u>	<u><b>79</b></u>
<b>CAPITAL AND RESERVES</b>			
Share capital	10	81	81
Profit and loss account	12	<u>(5)</u>	<u>(2)</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	12	<u><b>76</b></u>	<u><b>79</b></u>

The annexed notes form an integral part of these financial statements

Approved and authorised for issue by the directors on 27 August 2013 and signed on the Company's behalf by



Representing L D C. Corporate Director No 3 Limited  
Director

**KYIV FINANCE PLC**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 28 FEBRUARY 2013**

**REGISTERED NUMBER: 07543612**

		<b>28 Feb 2013</b>	<b>25 Feb 2011 to 29 Feb 2012</b>
	<b>Note</b>	<b>\$000</b>	<b>\$000</b>
Net cash flow from operating activities	11	-	-
<b>Cash flow from financing activities</b>			
Share capital contributions raised	10	-	81
<b>Movement in cash</b>		<b>-</b>	<b>81</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

		<b>2013</b>	<b>2012</b>
		<b>\$000</b>	<b>\$000</b>
Opening net cash		79	-
Movement in cash in the year / period		-	81
Other non-cash movements		(3)	(2)
Net cash as at 28 February 2013	13	<b>76</b>	<b>79</b>

**1. STATEMENT OF ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and in accordance with the historical cost convention. A summary of the significant accounting policies, which have been applied consistently, is set out below.

**Preparation of financial statements in US Dollars**

The financial statements of the Company have been drawn up in US Dollars (“\$”) as it is the Company’s functional currency. The Dollar exchange rate to Sterling at 28 February 2013 was \$1.51265 (2012: \$1.5848).

**Basis of preparation**

The directors consider that the Company has adequate resources, an appropriate financial structure and suitable arrangements in place for it to continue in operational existence for the foreseeable future as the ongoing running costs of the Company will be financed by the borrower. Consequently, the directors consider it appropriate for the financial statements to be prepared on the going concern basis.

**Financial instruments**

The Company recognises a financial asset and any associated liabilities when it retains the contractual rights to the cash flows, or it retains substantially all of the risks and rewards of ownership of the financial asset, if the rights to receive the contractual cash flows on the financial asset are transferred.

**Other operating income**

Other operating income, which comprises amounts received from the borrower to finance professional fees incurred in the year and subsequent administration costs of the Company, are accounted for on an accruals basis.

**Administrative expenses**

All administrative expenses, which comprise primarily professional fees and other overheads, are accounted for on an accruals basis.

Expenses paid in respect of periods subsequent to the balance sheet date are carried forward as prepayments with the related reimbursement financed by the borrower shown as deferred income.

**Taxation**

Corporation tax is payable on profits based on the applicable tax law and is recognised as an expense in the year in which profits arise. The tax effects of tax losses available to carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

**Foreign currencies**

Transactions in foreign currencies are translated into Dollars at the rate of exchange at the date of the transaction. Foreign currency monetary assets and liabilities are translated into Dollars at the rate of exchange ruling at the balance sheet date. Resulting exchange gains or losses are taken to the profit and loss account.

**2. EMPLOYEE INFORMATION AND DIRECTORS' EMOLUMENTS**

There were no employees in the Company during the year

The directors received no emoluments in respect of their services to the Company during the year

**3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

The following amounts have been included in arriving at the result on ordinary activities before taxation

	2013 \$000	25 Feb 2011 to 29 Feb 2012 \$000
Auditor's remuneration for audit of the Company's annual accounts	<u>14</u>	<u>17</u>

**4. TAXATION**

(a) Analysis of charge in the year / period

	2013 \$000	25 Feb 2011 to 29 Feb 2012 \$000
<b>Current tax:</b>		
Corporation tax charge for the year / period	<u>-</u>	<u>-</u>
Total taxation charge for the year / period	<u>-</u>	<u>-</u>

(b) Factors affecting the tax charge for the current year

The current tax for the year is the same as the standard rate of corporation tax in the UK of 24 17% (2012 26 17%)

	2013 \$000	25 Feb 2011 to 29 Feb 2012 \$000
Loss of ordinary activities	<u>(3)</u>	<u>(2)</u>
Corporation tax levied at the standard rate of corporation tax in the UK of 24 17% (2012 26 17%)	<u>-</u>	<u>-</u>
Total current tax charge for the year / period	<u>-</u>	<u>-</u>

**5. DEBTORS** amounts falling due after more than one year

	2013 \$000	2012 \$000
Prepayments	<u>115</u>	<u>167</u>

<b>6. DEBTORS:</b> amounts falling due within one year	<b>2013</b>	<b>2012</b>
	<b>\$000</b>	<b>\$000</b>
Prepayments	49	50
Other debtors	14	17
	<u>63</u>	<u>67</u>
<b>7. CREDITORS:</b> amounts falling due within one year	<b>2013</b>	<b>2012</b>
	<b>\$000</b>	<b>\$000</b>
Accruals and deferred income	63	67
<b>8. CREDITORS:</b> amounts falling due after more than one year	<b>2013</b>	<b>2012</b>
	<b>\$000</b>	<b>\$000</b>
Deferred income	115	167

## 9. FINANCIAL INSTRUMENTS

The Company's non-derivative financial instruments comprises cash to provide finance for the Company's operations

The Company is party to an agreement to grant a loan to The City of \$300,000,000 which has been financed by fixed rate LPN in issue, both of which bear interest at a fixed rate of 9.375% and the principal of which is due for repayment on 11 July 2016. As substantially all of the risks and rewards of ownership of the loan granted to The City have been transferred to the Loan Note holders, the financial asset and associated financial liability have not been recognised in the financial statements.

The Company does not undertake financial instrument transactions which are speculative or unrelated to the Company's trading activities.

A description of the principal risks relating to financial instruments and their relevance to the Company and how they are managed is given below

**9. FINANCIAL INSTRUMENTS (Continued)****Liquidity and currency risk**

The Company also holds sufficient cash in sterling of £50,005 (\$75,640) to meet its expected expenses in sterling as and when they fall due

**Credit risk**

As substantially all the risks and rewards of ownership of the loan to the City are held by the Loan Note holders, the Company is not exposed to significant credit risk

**Capital Management**

The Company has no externally imposed capital requirements and has been set up for the sole purposes of financing of the loan to The City

**10. SHARE CAPITAL**

	<b>2013</b>	<b>2012</b>
	<b>\$000</b>	<b>\$000</b>
<b>Authorised, allotted and part paid</b>		
Opening	81	-
50,000 authorised £1 ordinary shares, each		
fully paid, issued in year / period	-	81
As at 28 February 2013	<u>81</u>	<u>81</u>

The capital of the Company comprises share capital only

**11. RECONCILIATION OF OPERATING RESULT TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	<b>2013</b>	<b>2012</b>
	<b>\$000</b>	<b>\$000</b>
Operating loss	(3)	(2)
Decrease / (increase) in debtors	56	(234)
(Decrease) / increase in creditors	(56)	234
Foreign exchange movement	3	2
Net cash flow from operating activities	<u>-</u>	<u>-</u>

**12. RECONCILIATION OF CAPITAL AND RESERVES**

	<b>2013</b>	<b>2012</b>
	<b>\$000</b>	<b>\$000</b>
Opening balance	79	-
Share capital issued	-	81
Loss for the year / period	(3)	(2)
Closing balance	<u>76</u>	<u>79</u>

**13. ANALYSIS OF RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	<b>At 1 March 2012 \$000</b>	<b>Cash flow \$000</b>	<b>Other non cash movement \$000</b>	<b>At 28 February 2013 \$000</b>
Cash in hand and at bank	<u>79</u>	<u>-</u>	<u>(3)</u>	<u>76</u>

**14. ULTIMATE PARENT AND THE CONTROLLING PARTY**

Under the Trust Deed dated 7 March 2011, The Law Debenture Intermediary Corporation p l c acts as share trustee, holding the member's rights on a discretionary basis for charitable purposes. As such, there is no ultimate parent Company and there is no Controlling Party.

**15. RELATED PARTY TRANSACTIONS**

During the year the Company incurred costs of \$34,347 (2012: \$35,419) in relation to corporate services provided by Law Debenture Corporate Services Limited, a company in the same group as the corporate directors.

An amount of \$115,430 (2012: \$149,777) is included within prepayments and relates to a payment for future period corporate services.