

**THE RUSSIAN ORTHODOX CHURCH
"ST. NICHOLAS" FUND LIMITED**

REPORT AND FINANCIAL STATEMENTS
31 December 1999

THE RUSSIAN ORTHODOX CHURCH "ST. NICHOLAS" FUND LIMITED

REPORT AND FINANCIAL STATEMENTS 31 December 1999

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THE RUSSIAN ORTHODOX CHURCH "ST. NICHOLAS" FUND LIMITED

EXECUTIVE COMMITTEE AND OTHER OFFICERS

Executive Committee:

Oleg Lapoushkin
Yuriy Pianykh
Guennadi Golovanov (resigned 5 March 2010)
Valery Gusev
Andronicos Agathocleous (resigned 5 March 2010)
Petros Valko (appointed 5 March 2010)
Valery Zhigarev (appointed 5 March 2010)

Company Secretary:

Cyproservus Co. Limited
284 Arch. Makarios III Avenue
3rd Floor, Flat 32
Limassol, Cyprus

Registered office:

284, Arch. Makariou III Ave.
Fortuna Court, Block B
3105, Limassol
Cyprus

Registration number:

99180

THE RUSSIAN ORTHODOX CHURCH "ST. NICHOLAS" FUND LIMITED

REPORT OF THE EXECUTIVE COMMITTEE

The Executive Committee presents its report and audited financial statements of The Fund for the year ended 31 December 1999.

Incorporation

The Company The Russian Orthodox Church "St. Nicholas" Fund Limited was incorporated in Cyprus on 12 August 1997 as a company not having a share capital limited by guarantee under the Cyprus Companies Law, Cap. 113.

Principal activities

The principal activity of The Fund, which is unchanged from the previous year, is the construction, operation and maintenance of the Russian Orthodox Church "St Nicholas" in Limassol.

Review of current position, future developments and significant risks

The Fund's development to date, financial results and position as presented in the financial statements are considered satisfactory.

The main risks and uncertainties faced by The Fund and the steps taken to manage these risks, are described in note 3 of the financial statements.

Results

The Fund's results for the year are set out on page 3. The deficit for the year is carried forward.

Share capital

The Fund is limited by guarantee without share capital up to the amount of C£1.000.

Executive Committee

The members of The Fund's Executive Committee as at 31 December 1999 and at the date of this report are presented on page 1. On 5 March 2010, Mr Guennadi Golovanov and Mr Andronicos Agathocleous who were appointed directors on 12 August 1997 resigned and on the same date Mr Valery Zhigarev and Mr Petros Valko were appointed as directors.

In accordance with the Fund's Articles of Association all present members of the Committee continue in office.

There were no significant changes in the assignment of responsibilities of the Executive Committee.

Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 12 to the financial statements.

By order of the Executive Committee,

Yuriy Pianykh
Member of Executive Committee

Limassol, 21 February 2013

THE RUSSIAN ORTHODOX CHURCH "ST. NICHOLAS" FUND LIMITED

STATEMENT OF INCOME AND EXPENSES

Year ended 31 December 1999

	1999	Period from 12
	US\$	August 1997 to 31
		December 1998
		US\$
INCOME		
Donations	4.820	99.914
Other income	686	2.763
Total revenue	5.506	102.677
EXPENSES		
Common expenses	-	30
Sundry expenses	20	306
Stationery and printing	80	30
Other professional fees	1.887	-
Secretarial fees	4.408	3.953
Travelling	-	2.776
Inland travelling and accommodation	-	8.064
Entertaining	-	1.240
Other expenses	45	849
Total expenses	6.440	17.248
(Deficit)/surplus for the year/period	(934)	85.429

The notes on pages 6 to 12 form an integral part of these financial statements.

THE RUSSIAN ORTHODOX CHURCH "ST. NICHOLAS" FUND LIMITED

STATEMENT OF NET ASSETS 31 December 1999

	Note	1999 US\$	1998 US\$
ASSETS			
Non-current assets			
Property, plant and equipment	8	<u>50.289</u>	50.289
		<u>50.289</u>	<u>50.289</u>
Current assets			
Receivables	9	32	-
Cash at bank and in hand		<u>34.174</u>	35.139
		<u>34.206</u>	<u>35.139</u>
Total assets		<u>84.495</u>	<u>85.428</u>

On 21 February 2013 the Executive Committee of The Russian Orthodox Church "St. Nicholas" Fund Limited authorised these financial statements for issue.

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Member of Executive Committee

.....
Member of Executive Committee

The notes on pages 6 to 12 form an integral part of these financial statements.

THE RUSSIAN ORTHODOX CHURCH "ST. NICHOLAS" FUND LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 December 1999

	Note	1999 US\$	Period from 12 August 1997 to 31 December 1998 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/ (deficit)		(934)	85.429
Adjustments for:			
Interest income		(479)	(2.763)
		<u>(1.413)</u>	<u>82.666</u>
Cash flows (used in)/from operations before working capital changes		(1.413)	82.666
Increase in receivables		(31)	-
Cash flows (used in)/from operations		(1.444)	82.666
Interest received		479	2.763
Net cash flows (used in)/from operating activities		<u>(965)</u>	<u>85.429</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property, plant and equipment	8	-	(50.289)
Net cash flows used in investing activities		<u>-</u>	<u>(50.289)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
		<u>-</u>	<u>-</u>
Net (decrease) /increase in cash and cash equivalents		(965)	35.140
Cash and cash equivalents:			
At beginning of the year/period		35.139	(1)
At end of the year/period		<u>34.174</u>	<u>35.139</u>

The notes on pages 6 to 12 form an integral part of these financial statements.

THE RUSSIAN ORTHODOX CHURCH "ST. NICHOLAS" FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1999

1. Incorporation and principal activities

Country of incorporation

The Company The Russian Orthodox Church "St. Nicholas" Fund Limited was incorporated in Cyprus on 12 August 1997 as a company not having a share capital limited by guarantee under the Cyprus Companies Law, Cap. 113. Its registered office is at 284, Arch. Makariou III Ave., Fortuna Court, Block B, 3105, Limassol, Cyprus.

Legal status and principal activities

The Fund is limited by guarantee without share capital up to the amount of C£1.000.

The principal activity of The Fund, which is unchanged from the previous year, is the construction, operation and maintenance of the Russian Orthodox Church "St Nicholas" in Limassol.

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying The Fund's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Revenue recognition

Income from received donations is credited to the Statement of Income and Expenses in the year in which they relate to. Other income earned by The Fund is recognised on the following basis:

THE RUSSIAN ORTHODOX CHURCH "ST. NICHOLAS" FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1999

2. Accounting policies (continued)

Revenue recognition (continued)

Revenue recognition (continued)

- **Income from investments in securities**

Dividend from investments in securities is recognised when the right to receive payment is established. Withheld taxes are transferred to profit or loss. Interest from investments in securities is recognised on an accruals basis.

Profits or losses from the sale of investments in securities represent the difference between the net proceeds and the carrying amount of the investments sold and is transferred to profit or loss.

The difference between the fair value of investments at fair value through profit or loss as at 31 December 1999 and the mid cost price represents unrealised gains and losses and is included in profit or loss in the period in which it arises. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in profit or loss as fair value gains or losses on investments, taking into account any amounts charged or credited to profit or loss in previous periods.

- **Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method.

Finance costs

Interest expense and other borrowing costs are charged to surplus or deficit as incurred.

Tax

The Fund is categorised as a non-profit making organisation and hence it is not subject to corporation tax.

Property, plant and equipment

Property, plant and equipment are stated at historical cost. The cost of fixed assets represents their purchase cost together with any incidental costs of acquisition.

The chapel is prefabricated wooden building which has been imported from Russia and set up on the land donated by the Archbishop of Cyprus. The chapel is not depreciated.

Expenditure for repairs and maintenance of property, plant and equipment is charged to surplus or deficit of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to The Fund. Major renovations are depreciated over the remaining useful life of the related asset.

THE RUSSIAN ORTHODOX CHURCH "ST. NICHOLAS" FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1999

2. Accounting policies (continued)

Property, plant and equipment (continued)

Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in surplus or deficit.

Financial instruments

Financial assets and financial liabilities are recognised in The Fund's statement of net assets when The Fund becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- The Fund retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- The Fund has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

THE RUSSIAN ORTHODOX CHURCH "ST. NICHOLAS" FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1999

2. Accounting policies (continued)

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of net assets if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of net assets.

3. Financial risk management

Financial risk factors

The Fund is exposed to interest rate risk, credit risk and liquidity risk arising from the financial instruments it holds. The risk management policies employed by The Fund to manage these risks are discussed below:

3.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose The Fund to cash flow interest rate risk. Borrowings issued at fixed rates expose The Fund to fair value interest rate risk. The Fund's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date the interest rate profile of interest-bearing financial instruments was:

	1999	1998
	US\$	US\$
Variable rate instruments		
Financial assets	34.174	35.140
	34.174	35.140

Sensitivity analysis

An increase of 100 basis points in interest rates at 31 December 1999 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on the profit and other equity.

	Surplus or deficit	
	1999	1998
	US\$	US\$
Variable rate instruments	342	351
	342	351

3.2 Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the statement of net assets date. The Fund has no significant concentration of credit risk. The Fund has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. Cash balances are held with high credit quality financial institutions and The Fund has policies to limit the amount of credit exposure to any financial institution.

THE RUSSIAN ORTHODOX CHURCH "ST. NICHOLAS" FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1999

3. Financial risk management (continued)

3.3 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Fund has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

Fair value estimation

The fair values of The Fund's financial assets and liabilities approximate their carrying amounts at the statement of net assets date.

4. Revenue

	1999 US\$	Period from 12 August 1997 to 31 December 1998 US\$
Donations	<u>4.820</u>	<u>99.914</u>
	<u>4.820</u>	<u>99.914</u>

5. Other expenses

	1999 US\$	Period from 12 August 1997 to 31 December 1998 US\$
Formation Expenses	<u>-</u>	<u>696</u>
	<u>-</u>	<u>696</u>

6. Deficit / Surplus

	1999 US\$	Period from 12 August 1997 to 31 December 1998 US\$
(Deficit)/surplus is stated after the following items:		
Formation Expenses	<u>-</u>	<u>696</u>

THE RUSSIAN ORTHODOX CHURCH "ST. NICHOLAS" FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1999

7. Finance costs

	1999	Period from 12
	US\$	August 1997 to 31
		December 1998
		US\$
Other finance expenses	<u>45</u>	<u>153</u>
	<u>45</u>	<u>153</u>

8. Property, plant and equipment

	Wooden church
	US\$
Cost	
Additions	<u>50.289</u>
Balance at 31 December 1998/ 1 January 1999	<u>50.289</u>
Balance at 31 December 1999	<u>50.289</u>
Net book amount	
Balance at 31 December 1999	<u>50.289</u>
Balance at 31 December 1998	<u>50.289</u>

An agreement was signed on 14 May 1997 between Archbishop Chrysostomos acting in the capacity of the Archbishop of Cyprus and Patriarch Sergey acting in the capacity of the Patriarch of the Russian Orthodox Church for the transfer, by a way of gift, of the land from the Church of Cyprus to the Russian Orthodox Church. Under this agreement, the Church of Cyprus donated to the Russian Orthodox Church the plots of land numbered 572, 573, 574, 575 and 576 of Φ/Σχ LIV44 which are situated at Yermasogia, Limassol, under the condition that these would be used for the construction on them of a church and ancillary buildings to be used by the Russian Orthodox people. The donated plots of land were registered in the name of the Russian Orthodox Church by the Lands and Surveys Department on 17 November 2010.

9. Receivables

	1999	1998
	US\$	US\$
Deposits and prepayments	<u>32</u>	<u>-</u>
	<u>32</u>	<u>-</u>

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of The Fund to credit risk and impairment losses in relation to trade and other receivables is reported in note 3 of the financial statements.

10. Contingent liabilities

The Fund had no contingent liabilities as at 31 December 1999.

THE RUSSIAN ORTHODOX CHURCH "ST. NICHOLAS" FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1999

11. Commitments

The Fund had no capital or other commitments as at 31 December 1999.

12. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.