

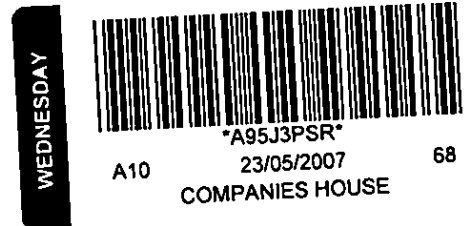
**OXFORD RUSSIA FUND**  
**ACCOUNTS FOR THE YEAR**  
**ENDED 31 DECEMBER 2006**

**INDEX**

Page 1-4	Trustees' Report
5-6	Independent Auditors' Report
7	Statement of Financial Activities
8	Balance Sheet
9-12	Notes to the Accounts

Company No 5341971

Charity No 1108957



**OXFORD RUSSIA FUND**  
**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

The Trustees submit their annual report and audited accounts for the year ended 31 December 2006

**Reference and administrative details**

Trustees	A Tulloch A Smith A Dalton B Saltykov Lord C Patten A Auzan	(appointed 25 May 2006) (appointed 26 January 2006)
Company secretary	A Tulloch	
Company registration number	5341971	
Charity number	1108957	
Registered office	4 Hill Street London W1J 5NE	
Bankers	Lloyds TSB Bank Plc Berkeley Square Branch London W1J 6AF	
Auditors	Critchleys Greyfriars Court Paradise Square Oxford OX1 1BE	

**Structure, Governance and Management**

The charity is a charitable company limited by guarantee. The charity is governed by its Memorandum and Articles of Association.

The charity is managed by its Board of trustees and the charity has a representative office in Russia through whom the work of the charity in Russia is co-ordinated.

The major risks, as identified by the trustees, have been reviewed and systems established to mitigate those risks.

The Khodorkovsky Foundation, a charity with trustees in common, provides the vast majority of Oxford Russia Fund's income.

Two trustees were appointed in the year to 31 December 2006 to supplement the skills base of the existing trustees as the Fund expands its grant making activities in Russia. Lord Patten as Chancellor of Oxford University contributes his expertise in government administration and his appointment reinforces the link between the charity and Oxford University, whilst Alexander Auzan, a well-known Russian academic, strengthens our connections within Russian academic circles. New trustees were inducted in to their role as trustees in a series of briefings on the work of the charity.

**OXFORD RUSSIA FUND**  
**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)**

**Objectives and Activities**

The main objects of the charity are to advance education in the Russian Federation through the provision of scholarships to students and the making of donations to educational establishments

The charity focuses on grants to Russian universities for the provision of scholarships, the distribution of English language academic books to Russian universities and the support of conferences on topics of current relevance to Russian universities. For a full description of the various educational programmes supported by the charity please see the Fund's website at <http://www.oxfordrussiafund.org>

**Grant-making policy**

The Trustees seek to advance education in Russia by

- a) the provision of scholarships for students (of Russian nationality) attending Russian Universities in the Humanities,

The Foundation will not entertain individual applications for scholarships and will only provide scholarships through Russian universities which are willing to administer the scholarships

- b) the support of Russian educational institutions and non-profit organisations focused on education,
- c) the support of educational institutions in the UK, which indirectly advance education in Russia through the provision of training, research programmes, student/teacher exchange programmes and cultural activities, and
- d) the support of conferences, wheresoever held, on topics related to Russian education and other initiatives which might advance education in Russia

The Trustees are of the view that the majority of their grant making will lie in the provision of scholarships to Russian students and the support of educational institutions in Russia

The Trustees will avoid too hasty a disbursement of income derived from its endowment in the Fund's early years whilst it builds up expertise and experience

The Trustees' current policy is normally to accept only grant proposals which have been initiated by the Fund

These policies will be annually reviewed in the light of the growing understanding of the needs of Russia and the Trustees intend to respond flexibly to the newly identified needs of succeeding generations of Russian citizens

**OXFORD RUSSIA FUND****TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)****Achievements and further plans**

Through the grant making activities of the charity

- 1,500 undergraduate students at 10 Russian universities were in 2006 awarded a scholarship of approx USD1, 000 (USD2,000, Moscow) The scholarships are awarded on merit and are designed to encourage the study of the humanities in Russian universities. In 2007, the number of undergraduate scholarships is set to rise to 3,000 at 15 Russian universities

-Over 2,000 English language academic books on across the humanities disciplines have been distributed to each of 10 Russian universities and in 2007 a further 5 Russian universities will be provided with books

- in 2006 two conferences on Student loans and on one on peer group review were organised by the Oxford Russia Fund and attended by Russian academics

**Financial Review**

As at 31 December 2006 free reserves (represented by unrestricted funds) were \$78,861

The charity is dependent on grants from the Khodorkovsky Foundation which has agreed to continue to support the expansion of the charity's work in Russia

## OXFORD RUSSIA FUND

TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)**Statement of Trustees Responsibilities**

The Trustees are responsible for preparing the annual report and the accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

The Trustees are required to prepare accounts for each financial year, which give a true and fair view of the state of affairs of the charity and the incoming resources and application of resources, including the net income or expenditure, of the charity for the year. In preparing those accounts, the Trustees are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts,
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

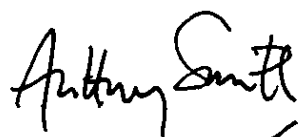
So far as the Trustees are aware, there is no relevant audit information (information needed by the charity's auditors in connection with preparing their report) of which the charity's auditors are unaware, and

Each Trustee has taken all the steps that he ought to have taken as Trustee in order to make himself aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

**Auditors**

A resolution to re-appoint Critchleys, Chartered Accountants, will be proposed at the forthcoming Annual General Meeting.

This report was approved by the Trustees on 15<sup>th</sup> May 2007



Trustee

**OXFORD RUSSIA FUND  
INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF OXFORD RUSSIA FUND**

We have audited the accounts of Oxford Russia Fund for the period ended 31 December 2006 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 trustees and auditors**

As described in the Statement of Trustees' Responsibilities the Trustees (who are also the directors of Oxford Russia Fund the purposes of company law) are responsible for the preparation of the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Report is not consistent with the accounts, if the charity 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 trustees' remuneration and other transactions is not disclosed.

We read other information contained in the Trustees' Report, and consider whether it is consistent with the audited accounts. The other information comprises only the Trustees' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

**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 accounts. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the accounts, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard - Provisions Available for Smaller Entities, in the circumstances set out in note 1(a) to the accounts.

**OXFORD RUSSIA FUND  
INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF OXFORD RUSSIA FUND (CONTINUED)**

**Opinion**

In our opinion the accounts

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 December 2006, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended, and
- have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Trustees Report is consistent with the accounts



Cntchleys  
Chartered Accountants  
Registered Auditors

Oxford

21 May 2007

## OXFORD RUSSIA FUND

STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	2006 Unrestricted \$	2005 Total \$
<b>Incoming Resources</b>			
Incoming resources from generated funds			
Voluntary income		3,539,558	772,295
Interest receivable		<u>15,741</u>	<u>506</u>
Total incoming resources		<u>3,555,299</u>	<u>772,801</u>
<b>Resources Expended</b>			
Charitable activities	2		
Russia Student Scholarships		2,672,544	729,239
Library Project		603,397	-
Conferences		209,915	20,594
Governance costs	5	<u>7,560</u>	<u>6,190</u>
Total resources expended		<u>3,493,416</u>	<u>756,023</u>
Net incoming resources		61,883	16,778
Total funds brought forward		<u>16,778</u>	<u>-</u>
Total funds carried forward		<u>78,661</u>	<u>16,778</u>

All activities are continuing

2005 represents the period 25 January 2005 to 31 December 2005



OXFORD RUSSIA FUND

8

BALANCE SHEET  
AT 31 DECEMBER 2006

	Note	2006 \$	2005 \$
<b>Current assets</b>			
Other debtors		10,695	-
Cash at bank and in hand		<u>414,048</u>	<u>20,778</u>
		424,743	20,778
<b>Creditors amounts falling due within one year</b>	7	<u>(224,355)</u>	<u>(4,000)</u>
<b>Net current assets</b>		200,388	16,778
<b>Creditors amounts falling due after more than one year</b>	8	<u>(121,727)</u>	<u>-</u>
<b>Net assets</b>		<u>78,661</u>	<u>16,778</u>
<b>Funds</b>			
Unrestricted funds	10	<u>78,661</u>	<u>16,778</u>

These accounts are prepared in United States Dollars

The rate of exchange at 31 December 2006 is £1 = \$1 9586 (2005 £1 = \$1 715)

These accounts were approved and authorised for issue by the Trustees on 15<sup>th</sup> May 2007



Trustee

**OXFORD RUSSIA FUND**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

**1 ACCOUNTING POLICES**

**a) Basis of preparation**

The accounts have been prepared under the historical costs convention with the exception of the revaluation of investments and in accordance with applicable accounting standards, the Charities Act 1993 and the Statement of Recommended Practice (SORP 2005) "Accounting by Charities". Where applicable, comparative results have been restated to comply with SORP 2005, but these restatements have had no effect on the funds brought forward at the start of the year.

In common with many charities of our size and nature, we use our auditors to assist with the preparation of the accounts.

**b) Fund accounting**

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the objects of the charity and which have not been designated for other purposes. Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor or which have been raised by the charity for a specific purpose.

**c) Incoming resources**

Incoming resources are generally recognised on a receivable basis and are reported gross of related expenditure, where the amounts are reasonably certain and when there is adequate certainty of receipt.

The following specific policy is applied. Voluntary income is included in the Statement of Financial Activities when it is receivable.

**d) Resources expended**

Resources expended are accounted for on an accruals basis and gross of any related income. They are classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources.

- Charitable expenditure comprises direct expenditure including grants. Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with the use of resources.
- Expenditure on grants is recorded once the commitment to pay the grant has been communicated to the beneficiary.
- Any support costs specific to one of the activities is allocated wholly to that activity. The remaining support costs are allocated to that activity in proportion to the combined costs of activities undertaken directly and grants.
- Governance costs include those costs, such as Auditors' fees, associated with constitutional and statutory requirements.

## OXFORD RUSSIA FUND

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)**

**1 ACCOUNTING POLICES (continued)****e) Foreign currencies**

Transaction in foreign currencies are recorded at the rate ruling at the date of the transaction  
Monetary assets and liabilities are retranslated at the rate of exchange ruling at the balance sheet date All differences are taken to the Statement of Financial Activities

**2 CHARITABLE ACTIVITIES**

	<b>Activities undertaken directly</b>	<b>Grant funding of activities</b>	<b>Support costs (note 3)</b>	<b>Total 2006</b>	<b>Total 2005</b>
	\$	\$	\$	\$	\$
Russian Student Scholarships	-	2,628,463	44,081	2,672,554	729,239
Library Project	362,956	239,114	1,327	603,397	-
Conferences	129,410	80,000	505	209,915	20,594
	<u>492,366</u>	<u>2,947,577</u>	<u>45,913</u>	<u>3,485,856</u>	<u>749,833</u>

**3 SUPPORT COSTS**

	<b>Russian Student Scholarship</b>	<b>Library Project</b>	<b>Conferences</b>	<b>Total 2006</b>	<b>Total 2005</b>
	\$	\$	\$	\$	\$
Representative office costs	35,337	-	-	35,337	-
Other support costs	8,744	1,327	505	10,576	503
	<u>44,081</u>	<u>1,327</u>	<u>505</u>	<u>45,913</u>	<u>503</u>

NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

4	ANALYSIS OF GRANTS	2006 \$	2005 \$
	<b>Russian Student Scholarship</b>		
	Institutions		
	Tomsk State University, Russian Federation	364,519	174,900
	Higher School of Economics, Moscow	607,533	291,500
	Ural State University, Russian Federation	121,506	58,300
	Perm State University, Russian Federation	182,259	87,450
	Novgorod State University, Russian Federation	243,013	116,600
	Far Eastern National University	152,943	-
	Irkutsk State University	122,560	-
	Nizhni Novgorod State University	155,350	-
	Russian State University of Humanities	48,900	-
	Tver State University	93,000	-
	Ulyanovsk State University	91,783	-
	European University at St Petersburg (3 years)	435,754	-
	Oxford Philomusica Trust	<u>9,343</u>	<u>-</u>
		2,628,463	728,750
	<b>Library Project</b>		
	Institutions		
	Perm State University	117,516	-
	Perspective Publications	27,844	-
	Oxford University	<u>93,754</u>	<u>-</u>
		239,114	-
	<b>Conferences</b>		
	Institutions		
	New Eurasian Foundation	<u>80,000</u>	<u>-</u>
	<b>Total grants</b>	<b><u>2,947,577</u></b>	<b><u>728,750</u></b>
5	<b>GOVERNANCE COSTS</b>	<b>2006 \$</b>	<b>2005 \$</b>
	Auditors' remuneration - audit and accountancy	6,900	4,000
	- other services	660	-
	Professional fees	<u>-</u>	<u>2,190</u>
		<u>7,560</u>	<u>6,190</u>

No Trustee received any remuneration or reimbursement of expenses in the period

OXFORD RUSSIA FUND

12

NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

**6 STAFF COSTS**

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Wages and salaries	<u>12,768</u>	<u>-</u>
Average number of employees	<u>No 1</u>	<u>No -</u>
No employees' emoluments exceeded £60,000 in the year		

**7 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Accruals	10,422	4,000
Grant liabilities	<u>213,933</u>	<u>-</u>
	<u>224,355</u>	<u>4,000</u>

**8 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Grant liabilities	<u>121,727</u>	<u>-</u>

**9 RELATED PARTIES**

A Tulloch, A Smith, A Dalton and B Saltykov are also the Trustees of the Khodorkovsky Foundation. The Khodorkovsky Foundation made grants to Oxford Russia Fund of \$3,539,558 (2005 \$770,580) during the year.