Crown Agents
Investment Management

Crown Agents Investment Management Limited

Annual Report and Financial Statements
For the year ended 31 December 2016

Registered Number

02169973

Registered Office:

St Nicholas House

St Nicholas Road

Sutton

Surrey SM1 1EL

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Chairman's Report for the year ended 31 December 2016

Overview

2016 has been one of the most important years in the history of Crown Agents Investment Management Limited ("the Company"). Having been established as part of the wider Crown Agents group, whose origins date back for over 180 years, its purchase by Helios Investment Partners LLP, which was completed on 31 March 2016, has enabled the Company to embark on a path of enhanced growth.

2016 Financial Review

Following the sale, the Company has begun to implement a new business plan. The business plan builds upon the Company's core strengths and skills/relationships forged over the years. It seeks to expand on the Company's already substantial footprint in Africa and the Caribbean, and to develop further markets worldwide; it is gradually enhancing its range of products and its client base.

In order to maximise the potential new income streams and ensure that internal procedures align with best industry practice, the Company has invested substantial amounts in new staff, processes and the control environment. This investment has been made in the expectation of building a scaleable platform and achieving significant but prudent business growth. Income flows and Assets Under Management ("AUM") are beginning to reflect this.

This investment has seen the Company's costs, particularly its staff-related costs, increase in 2016 as we have sought to create a sound infrastructure, an enhanced governance environment, strengthened business leadership and robust processes to support future operations. This has resulted in a reduction of profits for the year to GBP 93k after tax. As we leverage this investment and drive top line revenue growth in the year ahead, cost containment is an important focal point for the management team and the Board. Our 5 year planning forecasts are based on seizing the opportunities that clearly exist for significant income and AUM growth in our target markets and we are scaling our business development efforts accordingly.

New Chairman

After nine years in the role and with the transition to new ownership complete, I shall, as planned, shortly stand down as Chairman. I am pleased to announce that Jeremy Parrish will be taking over as Chairman to take the Company to the next stage in its development. Jeremy's appointment remains subject to regulatory approval. With roles spanning three decades in the banking industry at both ANZ and Standard Chartered Bank, Jeremy brings to us substantial experience in the provision of financial services. I have no doubt that he will be instrumental in helping the Company deal successfully with the challenges it will encounter and seize fully the exciting opportunities that lie ahead.

Paul Batchelor

Chairman

Group Chief Executive Officer's Report for the year ended 31 December 2016

Markets and Economies

2016 was an extremely challenging year for financial markets and will be most remembered for political upsets, most notably, UK's vote to leave the European Union and the election of Donald Trump as President of the United States. Politics and policy are likely to dominate headlines again in 2017, with Brexit negotiations due to start and key elections in Europe.

Monetary policy divergence across the major central banks was a key theme affecting bond markets over the course of 2016. Within the Eurozone, short to intermediate maturity government bond yields moved deeper into negative territory as the ECB cut rates and extended quantitative easing. This policy action was in response to a persistently weak economic outlook for GDP growth together with benign inflation expectations. As such, bond prices remained firm due to the accommodative stance by the ECB.

UK bonds performed very strongly over the first three quarters of 2016. Initial expectations for a possible increase in the Base Rate quickly dissipated as it became clear that the economic trajectory did not warrant such a move. Furthermore, US interest rate markets began to discount no further hikes following the initial 0.25% move in December 2015. Market participants had viewed the UK economic business cycle to be more correlated to the US and as such had expected the UK to follow the US in monetary policy tightening over the course of 2016.

The UK June referendum, resulting in a vote to leave the EU, had a profound effect on interest rates and bond yields. Following the unexpected outcome of the vote, the Bank of England acted aggressively at the August monetary policy committee meeting by cutting the Base Rate from 0.5% to 0.25% and extending the asset purchase scheme by GBP 50bn for gilt-edged securities and, unexpectedly, by GBP 10bn for corporate bonds. Yields on all sterling denominated fixed income assets subsequently fell sharply resulting in significant price gains.

However, despite this highly positive impetus from the BOE, rising inflation expectations resulting from the sharp depreciation of sterling began to reverse this price action and the yield curve steepened materially. Longer maturity gilt prices for both conventional and index-linked bonds fell sharply.

In the United States, continued strength in labour markets with a persistent fall in unemployment rates strengthened the case for an increase in interest rates and normalisation of monetary policy. Interest rate futures started to fully discount a rate hike in Dec 2016 as early as August 2016.

Uneven growth and political uncertainty caused very variable performance for financial markets. After a weak start to the year on the back of fears over global manufacturing, the devaluation of the Chinese currency and a collapse in oil prices, 2016 ended up being a good year for equities. After sliding by 10% in the first quarter the Russell 1000 large cap index rallied in the second of the year the year to end the year up by circa 11%. The S&P 500 has risen by 292% on a total return basis since early 2009, and a 50/50 portfolio of global bonds and equities has delivered an average annual total return of 7.6%. That is significantly higher than the 5.1% average annual return between 1998 and 2008, despite the weaker performance of the global economy.

Group Chief Executive Officer's Report for the year ended 31 December 2016 (continued)

Markets and Economies (continued)

US Equity markets benefited from a scaling back in the Fed's plans to increase interest rates, further monetary easing by some of the other major central banks and euphoria over the pro-growth implications of Trump's fiscal policies. The S&P 500 finished the year with a total return of nearly 12%. In the UK, the FTSE 100 index was even stronger returning almost 20% due largely to the sharp depreciation in Sterling, post the EU referendum. Returns in Europe and Japan were more muted with the EuroStoxx50 index returning 4.2% and the Nikkei up 2.4%.

2017 Outlook

Political uncertainty is set to continue in 2017, with the triggering of Article 50 by the UK, elections in France, Germany and the Netherlands, and the potential for early elections in Italy. Investors will also be waiting to see how US economic and foreign policy changes under President Trump.

US equities should be supported by stronger earnings growth. We expect the oil price to rise further and the energy sector to see a strong recovery in earnings growth. Financials should benefit from higher interest rates especially in the US. If the dollar continues to strengthen against the yen, Japanese equities should continue to perform well. In emerging markets, the key factors will be the degree to which the dollar continues to strengthen and whether protectionist measures are implemented.

In the UK, we expect large caps to continue to outperform, given their limited exposure to a potential slowing in domestic growth and should benefit most from any further falls in sterling, if Brexit negotiations don't go smoothly. A "hard Brexit" seems increasingly likely. Equities are not as cheap as they were in early 2016 and much of the "good news" from Brexit has been priced in. In Europe, there is a fair amount of political pessimism priced in to stocks. While 2016 has shown how unpredictable politics can be, it is possible that the recent election of a pro-euro president in Austria could provide a better guide to European politics in 2017 than the backlash against Europe we saw in the UK in June 2016. Polls currently suggest that pro-euro parties are most likely to control the governments of Germany, France and the Netherlands after all their elections this year. If so, European equities could benefit from a reduction in the pricing of political risk.

We still think owning risk assets makes sense in 2017, but we believe that alternatives, which can provide some downside protection during periods of market turbulence, are likely to play an increasingly important role in portfolios as the cycle matures. Gold is likely to benefit from increasing political and economic uncertainty.

Group Chief Executive Officer's Report for the year ended 31 December 2016 (continued)

Business Performance

Overall 2016 was a year of material growth in assets under management with the level of such funds increasing by £461m reflecting growing confidence by our clients in the business. Profitability was aided by a strengthening of the USD in which fees are principally denominated and strict cost control in both front and back offices.

The agreement reached with Helios Investment Partners LLP, the leading African Private Equity firm to purchase 100 percent of both the Company and its sister company Crown Agents Bank Limited, represented a watershed moment in both businesses long histories. This is providing both growth capital and support to enable the Company to build its core businesses to a more robust scale and meet the increasingly sophisticated needs of its clients.

Client retention remains stable with most clients reacting positively to the change of ownership and the plans to add scale and increased technical/coverage resources.

The change of control completed on 31 March 2016 and the new capital investment enabled immediate investment in the existing business model. Continuity of service is also a key focus and the Company has been successful in keeping its asset management team in place.

I would like to record my thanks for all of those involved in this very exciting process and we look forward with considerable optimism to building the businesses carefully in the years ahead and continuing our long term partnerships with our loyal client base.

Albert Maasland

Group Chief Executive Officer

Directors for the year ended 31 December 2016

Paul Batchelor – Chairman and Non-Executive Director

Paul Batchelor is a Fellow of the Chartered Management Institute, a Member of the UK and International Advisory Councils of Transparency International, director of Abacus Technology (Pvt.) Limited in Pakistan and Trustee of WaterAid UK. Previously, he was a Partner in Coopers & Lybrand/ PricewaterhouseCoopers (1982-2004) and Chairman of Oxford Policy Management Limited (2006-13). He joined the Board in April 2011.

Steve Wiltshire – Senior Independent Non-Executive Director

Steve Wiltshire was appointed to the Board in July 2011 having previously been a member of the Company's Investment Advisory Panel. He is founder and principal of SW1 Consulting, a specialist management consultancy, providing advice to institutional investment managers on best practices. Prior to establishing his own advisory firm, he had a distinguished career with the Russell Group spanning 21 years in senior positions including Chief Investment Officer, Director of Research and Director of Quantitative Services. He started his career in financial services as a fixed income analyst with Prudential Bache Securities in 1987. Steve holds a PhD in environmental science.

Arnold Ekpe – Non Executive Director (appointed 19 April 2016)

Arnold Ekpe has more than 30 years of financial services experience including as the CEO of Ecobank International from 2005 to 2012 and as the managing director of United Bank of Africa from 2002 to 2004. While at Ecobank, he was responsible for setting up Ecobank Paris's subsidiary, EBI S.A., which is a wholesale subsidiary of the Ecobank group approved by the Banque de France and focused on trade finance, correspondent banking, commodity financing, foreign exchange and cash management, with a representative office in London. This business had a balance sheet of $1 billion after 5 years of operation.

Arnold is currently chairman of SFRE, a Luxembourg registered and approved investment company focused on small banks serving the real economy. He is the Honorary President of the Business Council for Africa, a UK registered institution that promotes business and investments in Africa. He also served as Chairman of Atlas Mara, a listed Africa focused banking group, and as a board member of the Nigerian Sovereign Wealth Fund. Previously, he served as Vice Chairman of ADC (the German financial services holding group acquired by Atlas Mara) and head of Corporate and Structured Finance at Citibank London, 1991-1996. Arnold holds a First Class Honours Degree in Engineering from Manchester University and an MBA from Manchester Business School.

Directors during the year ended 31 December 2016 (continued)

Simon Poole - Non Executive Director (appointed 19 April 2016)

Simon Poole brings to the board broad finance and administration experience across a range of businesses in numerous African countries. Previously, he was a CFO with Intela Global Ltd, Lawson's Corporation and Celtel International (in Burkina Faso, Chad and DRC). Earlier in his career he held finance and accounting roles with Price Waterhouse, Bank of America and BT. He currently serves on the boards of directors of Helios Towers Africa Limited, Vivo Energy Investments BV and Fawry Banking & Payment Technology Services Limited. He received his BSc in Geography from Exeter University, UK. He qualified as a Chartered Accountant with Price Waterhouse, and is a member of the Institute of Chartered Accountants in England and Wales. Simon is fluent in French.

Albert Maasland – Executive Director (appointed 7 February 2017)

Before joining the Board, Albert served as CEO of KCG Europe Ltd, part of KCG Holdings Ltd where he was also Global Co-Head of Execution Services and Platforms. Prior to that, during his distinguished career in financial services, Albert also served as CEO and Head of International Business at Knight Capital Group Inc where he was responsible for overseeing European and Asian operations; CEO of Saxo Bank London and Chairman of Saxo Capital Markets; Global Head of Business Development, e-commerce at Standard Chartered Bank, Managing Director at Deutsche Bank and Global Head of Business Development at HSBC Market. Albert is a non-executive director at EASDAQ NV and has held numerous other NED roles throughout his career. He was appointed as Group Chief Executive Officer on 16 February 2017.

Richard Hallett – Chief Financial Officer (appointed 31 January 2017)

Richard Hallett joined in 2016 as Group Chief Financial Officer bringing with him considerable banking experience having held a number of senior financial positions within the industry. After a role at CS First Boston, Richard joined Morgan Stanley, rising to the position of Managing Director by the time he left in 2007. Following a spell at Royal Bank Of Scotland, Richard's most recent banking role was as Managing Director and Chief Financial Officer of Barclays Africa.

Doug MacLennan – Chief Risk Officer

Doug MacLennan joined Crown Agents in December 2012 and was appointed to the Board in June 2013. He has been involved in the UK Financial Services Industry for over 25 years. Previous appointments include Director of Finance at Merrill Lynch; Deputy Managing Director at Sanwa International; Finance Director at the Bank of China International; and Senior Vice President of Risk Management at Northern Trust.

Rory Hanly – Chief Operating Officer

Rory joined CAIM in February 2013 as Chief Operating Officer after a twenty year career in banking and asset management. Previously he held senior roles with leading private asset management companies, including European Credit Management and Muzinich & Company where his experience covered finance, operations and risk management. He also has extensive experience of the funds industry delivering products globally to institutional clients. Rory is a finance graduate and spent his early career in investment banking working in the finance and operations departments of Merrill Lynch International and subsequently Bankers Trust Co. of New York

Directors during the year ended 31 December 2016 (continued)

Richard Jones – Executive Director (ceased to be a director – 6 February 2017)

Richard Jones was an International Manager with HSBC for over 20 years. For much of that time he was based in and worked across Asia focussed on treasury and corporate banking. Latterly he moved back to Europe where his roles encompassed Investments, Insurance and Commercial Banking. Richard has a wealth of experience of financial services in challenging environments.

Michael Naameh - Chief Investment Officer (ceased to be a director - 19 July 2016)

Michael Naameh was a senior consultant with an international firm of actuaries before he joined Crown Agents as a fund manager in 1989. He was appointed to the Board in 1995. He was Managing Director from September 2011 to August 2012 and is also Chief Investment Officer of the Company with executive responsibility for fund management and client relations. Michael is a non-executive director of the MCB Investment Management Co Ltd. Michael has published widely on central bank reserves management, pension fund management, risk management and financial sector development issues.

Mike Symes - Executive Director (ceased to be a director - 31 December 2016)

Mike Symes joined Crown Agents in 1979 and was appointed to the Board of the Company in July 2007. He is responsible for business development and some key client relationships. He was formerly Director, Treasury of Crown Agents Bank Limited. He has over 25 years international banking and business development experience and has worked closely with government and central bank clients and lectured on numerous financial training courses.

Strategic Report for the year ended 31 December 2016

Strategic Direction

The Company's strategy focuses activities in core areas of competence and in key geographical markets. The Company's annual re-assessment of its markets and its position in them confirms that this focus is broadly correct.

The Company expects to see growth through new funds under management and further investment will be made to support this growth. This will focus on improving client coverage, building broader investment strategies and products and ensuring best practice risk and operational processes and systems.

Review of Performance

The year saw another good investment performance. This performance was against a continuing challenging financial market background but did not detract from continuing to support clients' development plans by delivering high-quality, customised training programmes. Of particular note is the increase in funds under management.

Key Performance Indicators	2016	2015
Turnover (£000)	**2,482**	2,428
Profit on ordinary activities before tax (£000)	**92**	170
Return on average capital employed (%)	**3.8**	8.0
Funds under management (£m)		
- discretionary	**974**	866
- non discretionary	**518**	165
Total	**1,492**	1,031

Strategic Report for the year ended 31 December 2016 (continued)

Position of the Company at 31 December 2016

The Company's position at the end of the year was as follows:

	2016	2015
	£'000	**£'000**
Total Assets	**3,314**	2,580
Total Shareholders' funds	**2,655**	2,212

Principle Risks and Uncertainties

The Company's Board determines overall strategy, the markets in which it will operate and the levels of risk acceptable to the Company.

Management, as part of its FCA Pillar 3 Capital Adequacy disclosure requirements, has performed a review of these requirements and the information, including remuneration, can be found on the Company website - www.caiml.co.uk.

Day to day management of risk is undertaken by the Company's management committees assisted by Risk Management. As part of its risk management strategy, management reviews the level of expected US dollar income and costs and may hedge part of the expected net US dollar income for the following year if the amounts involved are material. Such hedging is undertaken using forward foreign exchange deals and/or options to cover the anticipated net cash inflows.

The most significant risks to the Company's business are failure to manage clients' funds in accordance with agreed guidelines and the loss of key staff or the largest client accounts. Investment guidelines are discussed and agreed with clients and incorporated in client agreements and there are day to day controls in place to ensure guidelines are adhered to at all times. The Company recognises the importance of attracting and retaining staff with appropriate specialist knowledge and skill sets. It regularly monitors remuneration packages and ensures training needs are fully satisfied. Client relationships are managed closely by an executive director or senior fund manager to ensure delivery of the highest quality service.

By order of the Board,

Albert Maasland

Group Chief Executive Officer

4 April 2017

Directors' Report for the year ended 31 December 2016

The directors submit their report and the audited financial statements of the Company for the year ended 31 December 2016.

Principal Activity

The principal activity of the Company is the provision of investment management services. The Company is authorised and regulated by the Financial Conduct Authority (FCA).

Future Developments

The Company will continue to provide investment management services.

Dividends

There were no dividends paid or proposed in the year (2015: £nil).

Financial risk management

Details of financial risk management are set out on page 11 within the Strategic Report.

Employee Matters

Employee Engagement Survey

From time to time the Company carries out an Employee Engagement Survey. Through a companywide questionnaire and a series of focus groups, it explores how it measures up to its stated values and how well engaged staff are with their jobs and the wider group as a whole. The most recent survey, carried out in Q4 2016, concluded that the level of staff engagement is high and compares well with similar organisations.

Disabled Persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with group continues. It is the Company's policy that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of persons fortunate enough not to suffer from a disability.

Employee Involvement

The Company uses a variety of methods to disseminate relevant information to its employees. All managers hold regular meetings with their staff for this purpose, at which there are also opportunities for employees to contribute their ideas to the development of management policy. In addition, further information is given at intervals through staff briefing meetings hosted by the Chief Executive Officer, through the intranet and notices and via webinars and training programmes.

Directors Report for the year ended 31 December 2016 (continued)

Employee Matters (continued)

Gender diversity
The proportion of women and men employed by the business is 30% and 70% respectively.

Directors
The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

P Batchelor* (Chairman)
S Wiltshire*
A Ekpe** (appointed 19 April 2016)
S Poole** (appointed 19 April 2016)
A Maasland (appointed 8 March 2017)
R Hallett (appointed 31 January 2017)
D MacLennan
R Hanly
R Jones (ceased to be a director 6 February 2017)
M Naameh (ceased to be a director 19 July 2016)
M Symes (ceased to be a director 31 December 2016)

*independent non-executive director
** non-executive director

Note: following Richard Jones' departure Albert Maasland has been appointed as Group Chief Executive Officer.

Directors' Report for the year ended 31 December 2016 (continued)

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland ('FRS 102'). 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, comprising FRS 102, 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 group and parent company will continue in business; and
- notify its shareholders, in writing, about the use of FRS 102 disclosure exemptions, if any, used in the preparation of financial statements.

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 are responsible for the maintenance and integrity of the company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of Information to Auditors

Each person who is a director at the date of approval of this report confirms that:

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) the director has taken all the steps that the director ought to have taken as a director in order to make the director aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Directors' Report for the year ended 31 December 2016 (continued)

Directors' Indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Bank also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Elective Resolutions

In accordance with the Companies Act 2006 elective resolutions have been passed which will facilitate the administration of the Bank. The Bank has dispensed with holding annual general meetings and with the laying of financial statements before the Bank in general meeting.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

By order of the Board,

A Maasland

Group Chief Executive Officer

4 April 2017

Independent auditors' report to the members of Crown Agents Investment Management Limited

Report on the financial statements

Our opinion

In our opinion, Crown Agents Investment Management Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit and cash flows 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.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 December 2016;
- the Income Statement for the year then ended;
- the Cash Flow Statement for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Independent auditors' report to the members of Crown Agents Investment Management Limited (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 14, 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) ("ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

Independent auditors' report to the members of Crown Agents Investment Management Limited (continued)

What an audit of financial statements involves (continued)

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Hamish Anderson (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

4 April 2017

Crown Agents
Investment Management

Income Statement for the year ended 31 December 2016

	Note	**2016 £'000**	Restated 2015 £'000
TURNOVER	2	**2,482**	2,428
Administrative expenses	3	**(2,394)**	(2,161)
OPERATING PROFIT		**88**	267
Exceptional item	4	**-**	(100)
Interest receivable and similar income	5	**4**	3
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**92**	170
Tax on profit on ordinary activities	7	**1**	1
PROFIT FOR THE FINANCIAL YEAR		**93**	171

The 2015 figures have been restated (Note 20).

There were no other items of Comprehensive Income.

The results for the year are wholly attributable to continuing operations.

The notes on pages 23-41 form part of these financial statements.

Balance Sheet as at 31 December 2016

					Restated	
		2016			2015	
	Note	**£'000**	**£'000**	'000	£'000	£'000
FIXED ASSETS						
Intangible assets	8		**6**			9
CURRENT ASSETS						
Debtors	9	**779**		584	1,198	
Cash at bank and in hand	10	**2,529**		777	1,373	
		3,308		,361	2,571	
CREDITORS – amounts falling due within one year	11	**(577)**		(172	(344)	
Derivatives	12	**(82)**			(24)	
NET CURRENT ASSETS			**2,649**			2,203
TOTAL ASSETS LESS CURRENT LIABILITIES			**2,655**			2,212
CAPITAL AND RESERVES						
Called up share capital	13		**1,650**			1,300
Profit and loss account			**1,005**			912
TOTAL SHAREHOLDERS' FUNDS			**2,655**			2,212

The notes on pages 23-41 form part of these financial statements.

The 2015 figures have been restated (Note 20).

The Board of Directors approved the financial statements on 4 April 2017

A Maasland
Director

R Hallett
Director

Statement of Changes in Equity for the Year Ended 31 December 2016

	Called up share capital £'000	Profit and loss Account £'000	Total £'000
Balance as at 1 January 2015	1,300	741	2,041
Profit for the financial year (restated – Note 20)	-	171	171
Balance as at 31 December 2015	1,300	912	2,212
Balance as at 1 January 2016	**1,300**	**912**	**2,212**
Profit for the financial year	**-**	**93**	**93**
New capital injection	**350**	**-**	**350**
Balance as at 31 December 2016	**1,650**	**1,005**	**2,655**

The 2015 figures have been restated (Note 20).

Cash Flow Statement for the year ended 31 December 2016

	Note	2016 £'000	Restated 2015 £'000
NET CASH FROM OPERATING ACTIVITIES	**17**	**911**	(4)
Taxation paid		**-**	-
Net cash used in operating activities		**911**	(4)
CASH FLOW FROM FINANCING ACTIVITIES			
Injection of new capital	**13**	**350**	-
Net cash generated from financing activities		**350**	-
CASH FLOW FROM INVESTING ACTIVITIES			
Interest received		**4**	3
Net cash generated from investing activities		**4**	3
Net increase/ (decrease) in cash and cash equivalents		**1,265**	(1)
Cash and cash equivalents at the beginning of the year		**1,373**	1,401
Exchange losses on cash and cash equivalents		**(109)**	(27)
Cash and cash equivalents at the end of the year	**10**	**2,529**	1,373

Crown Agents
Investment Management

Notes to the Financial Statements for the year ended 31 December 2016

1 STATEMENT OF ACCOUNTING POLICIES

(a) General information

Crown Agents Investment Management Limited is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is St, Nicholas house, St. Nicholas Road, Sutton, Surrey , SM1 1EL.

The principal activity of the Company is the provision of investment management services.

(b) Statement of compliance

The financial statements of Crown Agents Investment Management Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, ''The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland'' (''FRS 102'') and the Companies Act 2006. The principal accounting policies are set out below and have been consistently applied throughout the year.

(c) Basis of preparation

These financial statements have been 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 preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1(n).

(d) Going concern

The directors have considered the financial position of the Company, including the net current asset position and estimated future cash flows and have concluded that the Company will be able to meet its obligations as they fall due. Accordingly the financial statements have been prepared on the going concern basis.

(e) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The Company has taken advantage of certain disclosure exemptions.

Notes to the Financial Statements for the year ended 31 December 2016 (continued)

1 STATEMENT OF ACCOUNTING POLICIES (continued)

(f) Foreign currency translation

i) Functional and presentation currency

The financial statements are presented in pounds sterling and rounded to thousands.
The Company's functional and presentation currency is pounds sterling.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement in Administrative Expenses.

(g) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred taxation is provided at anticipated tax rates, using the full provision method, on all timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Notes to the Financial Statements for the year ended 31 December 2016 (continued)

1 STATEMENT OF ACCOUNTING POLICIES (continued)

(g) Taxation (continued)

Deferred tax is recognised on all timing differences at the reporting date with certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

(h) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. The directors have decided that amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Software – 5 years

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(i) Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

Notes to the Financial Statements for the year ended 31 December 2016 (continued)

1 STATEMENT OF ACCOUNTING POLICIES (continued)

(i) Impairment of non-financial assets (continued)

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the operating profit, unless the asset has been revalued when the amount is recognised in the income statement to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the income statement.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the income statement.

(j) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

(k) Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including debtors and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

Notes to the Financial Statements for the year ended 31 December 2016 (continued)

1 STATEMENT OF ACCOUNTING POLICIES (continued)

(k) Financial instruments (continued)

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the income statement.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including creditors and short term loans, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction.

Derivatives

The Company uses forward foreign exchange contracts to manage the cash flow exposures of forecast transactions denominated in foreign currencies. Derivatives are initially at fair value on the date the derivative contract is entered into and are subsequently re-valued at their fair value. Changes in the fair value of derivatives are recognised in the Income Statement in Administrative Expenses

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Notes to the Financial Statements for the year ended 31 December 2016 (continued)

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(k) Financial instruments (continued)

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(l) Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and pension contributions.

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Defined contribution pension plans

All the pension contributions are accounted for as defined contributions and paid over on a monthly basis. No liability for pension entitlement accrues to the Company.

(m) Recognition of income

Turnover represents fee income from the provision of investment management services. Fee income is recognised as the related services are provided.

(n) Critical accounting judgements and key source of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the

Notes to the Financial Statements for the year ended 31 December 2016 (continued)

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(n) Critical accounting judgements and key source of estimation uncertainty (continued)

estimates are revised and in any future periods affected. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The Directors are of the view that there are no critical accounting judgements or key sources of estimation uncertainty.

2 TURNOVER

Turnover represents amounts receivable in respect of investment management and associated activities, being the Company's only class of business.

A geographical analysis of the source of turnover by the clients' location is:

	2016	2015
	%	%
Africa	**34**	35
Caribbean, Atlantic and the Americas	**26**	28
U.K.	**25**	24
Rest of Europe	**15**	13
	100	100

Notes to the Financial Statements for the year ended 31 December 2016 (continued)

3 ADMINISTRATIVE EXPENSES

	2016 **£'000**	2015 £'000
Staff costs and directors emoluments payable to/though other group companies (Note 6)	**1,159**	998
Foreign exchange loss	**109**	40
Amortisation	**3**	2
Management fees charged	**394**	566
Administrative and other expenses payable to/through the other group companies	**729**	555
	2,394	2,161

The administrative expenses, and other expenses payable to/through the parent company, include remuneration for the auditors. The fees payable to the auditors were £70,000 (2015: £62,000) for auditing the financial statements and £nil (2015: £nil) for other services.

The Company operates in one area, that of investment management in the United Kingdom.

The foreign exchange loss arises from gains on holding US dollar balances which are revalued monthly but is net of losses on the revaluation of forward foreign exchange deals taken out to hedge material US dollar management fee income received quarterly each year (see note 12).

4 EXCEPTIONAL ITEM

The Exceptional Item in 2015 related to substantial amounts invested to ensure the Company was able to meet regulatory requirements, particularly in relation to combatting financial crime.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

Interest receivable arises from monies deposited with Crown Agents Bank Limited, a fellow subsidiary.

Notes to the Financial Statements for the year ended 31 December 2016 (continued)

6. STAFF COSTS AND DIRECTORS' EMOLUMENTS

Staff Costs and Directors' Emoluments	**2016**	2015
	£'000	£'000
Wages and salaries	**794**	693
Social security costs	**104**	98
Pension costs	**53**	61
Other costs (inc bonus accrual)	**208**	146
	1,159	998

The aggregate emoluments of the directors and key management were £310,263 (2015: £302,557).

The aggregate emoluments and accrued pension contributions of the highest paid director were £74,007 (2015: £156,210) and £26,038 (2015: £10,200) respectively.

No retirement benefits (2015: £nil) accrued to directors under defined benefits pension schemes during the year.

Up until 31 March 2016, all employees and directors were paid by the then parent company, Crown Agents Limited, with which they had contracts of employment. From 1 April 2016, all employees and directors were contracted with, and paid by, a fellow subsidiary, Crown Agents Bank Limited and recharged accordingly.

The monthly average number of full time staff, including executive directors, was 12 (2015: 12).

Employees and executive directors who joined the Company before 1 April 2006 were entitled, after a qualifying period, to be members of the group defined benefit superannuation scheme of the former parent company, details of which are set out in the accounts of Crown Agents Limited.

Crown Agents Limited decided to close the defined benefit pension fund to future accruals from 20 April 2015. In respect of this scheme, no contributions were made in the year (2015: £12,738). The Company has accounted for the scheme as if it was a defined contribution scheme.

From April 2015 all members were moved to the Crown Agents Limited group defined contribution pension plan. Up until 31 March 2016, employees were entitled to join the Crown Agents Limited group's

Notes to the Financial Statements for the year ended 31 December 2016 (continued)

6. STAFF COSTS AND DIRECTORS' EMOLUMENTS (continued)

defined contribution scheme. The Company contributed £22,881 (2015: £48,422) to this scheme during the year all of which was paid within the year. No further contributions were made after 31 March 2016.

From 1 April 2016, a new defined contribution pension scheme was set up which all current and future employees were able to join. The Company contributed £29,830 (2015: £nil) to this scheme during the year all of which was paid during the year.

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

A Analysis of Charge in Year

	2016	2015
	£'000	£'000
Corporation tax based on the profit for the year at 20.00% (2015: 20.25%) (Note 7B)	**-**	-
Deferred tax (Note 14)	**(1)**	(1)
Total tax credit	**(1)**	(1)

B Factors Affecting Tax Charge for the Year

	2016	2015
	£'000	£'000
Profit on ordinary activities before taxation	**92**	170
Profit on ordinary activities before tax multiplied by standard rate of corporation tax of 20.00% (2015: 20.25%)	**19**	34
Other adjustments	**1**	5
Tax sheltered by group relief	**(20)**	(39)
Total tax for the financial year (Note 7A)	**-**	-

Notes to the Financial Statements for the year ended 31 December 2016 (continued)

8 INTANGIBLE ASSETS

	Software £000
At 1 January 2016	**13**
Additions	**-**
Disposals	**-**
At 31 December 2016	**13**
Accumulated amortisation	
At 1 January 2016	**4**
Charged in the year	**3**
Disposals	**-**
At 31 December 2016	**7**
Net Book Value at 31 December 2016	**6**
Net Book Value at 31 December 2015	**9**

9 DEBTORS

	2016 £'000	2015 £'000
Trade debtors		
- from group/connected companies	**-**	1,121
- other	**66**	22
	66	1,143
Deferred tax (Note 14)	**2**	1
Prepayments and accrued income	**711**	54
	779	1,198

Notes to the Financial Statements for the year ended 31 December 2016 (continued)

10 CASH AT BANK AND IN HAND

	2016 £'000	2015 £'000
Cash placed with a fellow subsidiary		
- Crown Agents Bank Limited	**2,529**	1,373
	2,529	1,373

11 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £'000	2015 £'000
Amounts owed to group undertakings	**209**	100
Other creditors and accrued expenses	**368**	244
	577	344

12 DERIVATIVES

A proportion of the US dollar management fee income received quarterly is economically hedged using a series of forward foreign exchange contracts with a notional value of US$ 1,000,000 (2015: US $980,000) as at 31 December 2016. The negative fair value of the remaining outstanding forward deals at 31 December 2016 was £82,332 (2015: £23,389). The positive fair value of the remaining outstanding forward deals at 31 December 2016 was £nil (2015: £nil). Fair value changes are recognised within Administrative Expenses.

Fair value is the amount for which an asset or liability could be exchanged between willing parties in an arm's length transaction. Fair values are determined at prices quoted in active markets. In some instances, such price information is not available for all instruments and the Company applies valuation techniques to measure such instruments. These valuation techniques make maximum use of market observable data but in some cases management estimate other than observable market inputs within the valuation model. There is no standard model and different assumptions would generate different results.

Level 1 - Quoted price for an identical asset in an active market
Inputs to level 1 fair value are quoted prices (unadjusted) in active markets for identical assets. An active market is one in which transactions for the asset occurs with sufficient frequency and volume to provide pricing information on an on-going basis. The Company did not have any such instruments.

Notes to the Financial Statements for the year ended 31 December 2016 (continued)

12 DERIVATIVES (continued)

Level 2 – Price of a recent transaction for an identical asset

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Derivatives contracts are included in level 2.

Level 3 – Valuation technique ie Internal models with significant unobservable market parameters

Inputs to level 3 fair values are based on unobservable inputs for the assets at the last measurement date. If all significant inputs required to fair value an instrument are observable then the instrument is included in level 2, if not it is included in level 3. The Company did not have any such instruments.

13 CALLED UP SHARE CAPITAL

	2016	2015
	£'000	£'000
Issue, allotted and fully paid (ordinary shares of £1 each)		
As at 1 January	**1,300**	1,300
New shares issued 31 March 2016	**350**	-
As at 31 December	**1,650**	1,300

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

14 DEFERRED TAX

The deferred tax asset recognised in the financial statements, calculated at 20% (2015: 20%) is:

	2016	2015
	£'000	£'000
Capital allowances in excess of depreciation	**2**	1

There was a credit of £1K to the income statement during the year (2015: £1K). There are no un-provided deferred tax assets or liabilities (2015: nil).

Notes to the Financial Statements for the year ended 31 December 2016 (continued)

15 RISK MANAGEMENT

(i) Liquidity Risk: the Company seeks to ensure that, at all times, it has sufficient cash resources to meet its liabilities as they fall due. The liquidity position is monitored on a daily basis.

The liquidity profile of the Company is as follows:

Assets 2016	Less than 3 months £'000	More than 3 months less than 1 year £'000	Total £'000
Debtors	779	-	779
Cash at bank and in hand	2,529	-	2,529
	3,308	-	3,308
Intangible assets			6
			3,314

Liabilities 2016	Less than 3 months £'000	More than 3 months less than 1 year £'000	Total £'000
Creditors	577	-	577
Derivatives	29	53	82
	606	53	659
Total Shareholders' funds			2,665
			3,314

Notes to the Financial Statements for the year ended 31 December 2016 (continued)

15 RISK MANAGEMENT (continued)

Assets 2015	Less than 3 months	More than 3 months less than 1 year	Total
	£'000	£'000	£'000
Debtors	1,198	-	1,198
Cash at bank and in hand	1,373	-	1,373
	2,571	-	2,571
Intangible assets			9
			2,580

Liabilities 2015	Less than 3 months	More than 3 months less than 1 year	Total
	£'000	£'000	£'000
Creditors	344	-	344
Derivatives	21	3	24
	365	3	368
Total Shareholders' funds			2,212
			2,580

Notes to the Financial Statements for the year ended 31 December 2016 (continued)

15 RISK MANAGEMENT (continued)

(ii) Currency Risk: the Company's currency risk is largely hedged by forward foreign exchange contracts (see note 12).

The foreign currency profile of the Company is as follows:

	2016	2015
	£'000	£'000
Assets		
Denominated in sterling	**3,196**	1,894
Denominated in other currencies	**118**	686
	3,314	2,580
Liabilities and equity		
Denominated in sterling	**3,314**	2,580
Denominated in other currencies	**-**	-
	3,314	2,580

16 FINANCIAL INSTRUMENTS

The carrying value of the Company's financial assets and liabilities is as follows:

Financial assets	Note	Assets at FVTPL[1]	Financial assets at amortised cost	Total
2016		£'000	£'000	£'000
Trade debtors		**-**	**66**	**66**
Cash and cash equivalents	10	**-**	**2,529**	**2,529**
		-	**2,595**	**2,595**
2015				
Trade debtors		-	1,143	1,143
Cash and cash equivalents	10	-	1,373	1,373
		-	2,516	2,516

Notes to the Financial Statements for the year ended 31 December 2016 (continued)

16 FINANCIAL INSTRUMENTS (continued)

Financial liabilities	Liabilities at FVTPL[1]	Financial liabilities at amortised cost	Total
	£'000	£'000	£'000
2016			
Amounts owed to group undertakings	**-**	**209**	**209**
Derivative financial instruments	**82**	**-**	**82**
Other creditors and accrued expenses	**-**	**368**	**368**
	82	**577**	**659**
2015			
Amounts owed to group undertakings	-	100	100
Derivative financial instruments	24	-	24
Other creditors and accrued expenses	-	244	244
	24	344	368

[1] *FVTPL – Fair value through profit or loss*

17 NOTES TO THE CASH FLOW STATEMENT

Reconciliation of operating profit to operating cash flow

	2016	Restated 2015
	£'000	£'000
Profit before tax	**93**	170
Interest receivable	**(4)**	(3)
Exchange loss	**109**	27
Amortisation	**3**	2
Decrease in financial instruments - derivatives	**58**	31
Decrease/(Increase) in debtors	**419**	(306)
Increase in creditors	**232**	75
Cash inflow/(outflow) from operating activities	**911**	(4)

Notes to the Financial Statements for the year ended 31 December 2016 (continued)

18 HOLDING COMPANY

Up until 31 March 2016, the immediate parent undertaking was Crown Agents Limited. The ultimate parent undertaking and controlling party was The Crown Agents Foundation, which was the parent undertaking of the smallest and largest group to consolidate these financial statements at 31 March 2016.

Copies of both companies' financial statements may be obtained from St Nicholas House, St Nicholas Road, Sutton, Surrey SM1 1EL.

From 1 April 2016, the immediate parent undertaking has been CABIM Limited which is the smallest and largest group to consolidate these financial statements as at 31 December 2016. The ultimate parent undertaking and controlling party has been Helios investors Genpar III LP. Helios Investors Genpar III LP is registered in the Cayman Islands with its registered office at PO Box 309GT, Ugland House, South Church Street, Grand Cayman, Cayman Islands KY1-1104.

Copies of the financial statements of CABIM Limited may be obtained from St Nicholas House, St Nicholas Road, Sutton, Surrey SM1 1EL.

19 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption provided under section 33.1A of FRS 102 “Related party transactions", because it was/is a wholly owned subsidiary of Crown Agents Limited/CABIM Limited, as appropriate.

20 PRIOR YEAR ADJUSTMENTS

During the year the Company received notification of historic bank charges (totalling £97,887) dating back to 2013. Furthermore the valuations relating to the derivative contracts have been restated. Both items have been treated as prior year adjustments, the effect of which are summarised below:

Reconciliation of profit for the year	2015
	£’000
Profit for the year as reported previously	317
Valuation of derivative contracts	(48)
Historic bank charges (2013-2015)	(98)
Revised profit for the year	171

Notes to the Financial Statements for the year ended 31 December 2016 (continued)

20 PRIOR YEAR ADJUSTMENTS (continued)

Reconciliation of equity	2015 Share Capital £'000	2015 P&L Reserve £'000	2015 Total £'000
Equity as reported previously	1,300	1,058	2,358
Valuation of derivative contracts	-	(48)	(48)
Historic bank charges (2013-2015)	-	(98)	(98)
Revised equity	1,300	912	2,212

Crown Agents Investment Management Limited
St Nicholas House
St Nicholas Road
Sutton
Surrey
SM1 1EL
United Kingdom

T: +44 (0)20 8643 2900

e-mail caimlenquiries@caiml.com
www.caiml.co.uk