Crown Agents
Investment Management

Crown Agents
Investment Management Limited

Annual Report and Financial Statements
for the year ended 31 December 2018

Registered Number

02169973

Registered Office:

Quadrant House

The Quadrant

Sutton

Surrey SM2 5AS

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Chairman's Report for the year ended 31 December 2018

Overview

2018 has been another successful year for the business following the change of ownership in 2016. Following the acquisition of Crown Agents Investment Management Limited ("the Company") by Helios Investment Partners LLP, the Company has successfully embarked on a path of enhanced growth and transformation.

2018 Financial Review

Following the sale, the Company implemented an ambitious growth plan within a control environment, building on established long term relationships with Central Banks in Africa and the Caribbean. Many of these country relationships go back over 100 years reflecting the confidence our clients have in us. We continue to leverage these relationships while forging new ones in our focus markets. Assets under management continued to grow in 2018 on the back of strong fund performance across all our Central Bank Reserves Management mandates as well as our multi asset strategies for pension funds.

Our 2018 results reflect the benefits of deeper relationships we have built in our focus markets, as well as the investments we have made in key areas of our business over time. Our most significant, long-term competitive advantage remains our people.

In order to maximise the potential new income streams and ensure that internal procedures align with industry best practice, the Company continues to invest in staff, processes and the control environment. This investment has been made in the expectation of building a scaleable platform and achieving meaningful but prudent business growth, as evidenced by increasing income flows and Assets Under Management ("AUM").

Assets under management grew by 10% while profitability increased by 47%, reflecting the significant operating leverage of the business. Over the last two years we have invested significantly in building capacity for future growth.

As we leverage the 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. I am pleased to report that 2019 has started well and AUM have increased in line with expectations. Looking forwards, the Company will continue to benefit from the ongoing synergies with its sister company, Crown Agents Bank Limited, which have been built up over many years.

I am pleased to welcome to the Board, Jennifer Johnson-Calari as Non-Executive Director. Jennifer brings a tremendous wealth of experience as the architect and former director of the World Bank's Reserves Advisory and Management Program (RAMP) program. Jennifer's appointment reinforces our commitment to supporting our clients.

Our five year planning forecasts are based on seizing the opportunities that clearly exist for significant income and AUM growth from our target markets and we are scaling our business development efforts accordingly.

Chairman's Report for the year ended 31 December 2018 (continued)

The hard work, commitment and collaboration of our people will remain cornerstones of our long-term success. I would like to thank the management and board for their ongoing commitment and dedication to the success of this organisation.

Jeremy Parrish
Chairman

23 April 2019

Chief Executive Officer's Report for the year ended 31 December 2018

Business Performance

Overall 2018 was a year of encouraging growth in Assets Under Management with the 10% increase reflecting growing confidence by our clients in the business. A significant portion of the new assets came from existing Central Bank clients on the back of good fund performance and enhanced client relationships. The growth in assets under management reflects the impact and strength of the strategic investments we've made to enhance our platform to better serve our clients.

We will continue to focus on providing reserves management solutions to Central Banks across our focus markets while developing multi asset strategies for pension funds across Africa and the Caribbean. With a young and growing population Africa provides a significant opportunity for long term growth.

For a second year, we partnered with MEFMI, to support the Deputy Governors Forum held in Harare, Zimbabwe in April 2018. The forum focussed on the growing importance of China and Renminbi as a reserve currency. The event was well received and we are confident that it will help further strengthen our relationships with Central Banks in the region**.** We remain committed to empowering our clients through training and capacity building.

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.

Markets and Economies

After a year of synchronised global economic growth in 2017, investors entered 2018 in optimistic mood, pushing global stock markets to record highs in January. By February, an uplift in US inflation expectations and the fears of a more aggressive interest-rate posture on the part of the Federal Reserve was enough to spook markets. From there we witnessed the US, fuelled by massive tax cuts and a booming economy, pulling away from its peers. By October, however, equity markets began to stumble wildly as hawkish talk from the Federal Reserve and continued rumblings from the mounting trade war between the US and China, triggered another risk market sell-off.

2018 was a tale of two halves as far as the global developed equity markets were concerned. Up to late summer, strong corporate profitability, earnings progression and stock buy-backs of the last few years combined to maintain positive upward momentum in most developed equity markets with the US leading the way. The annualised return for the S&P 500 over the last five years to end September 2018 was running at around 11.8% (with dividends reinvested), but what happened in the last four months of 2018 has changed the perspective markedly with a near 7% decline in October followed by a 9.2% fall in December, the worst December since the 1929 crash.

The month has also been marked by some extreme daily moves with a fall of 8% in a four-day period just before Christmas followed by a one day rise of 5% immediately afterwards – this is not normal in the biggest and most liquid equity market in the world. There are many theories as to why the market has suddenly fallen so suddenly and so significantly. One can choose from a number of different factors, including: an economic slowdown in China; a shutdown of the Federal Government in Washington; trade tensions between US and China; a stand-off between Trump and Fed chairman Powell; and rising interest rates.

Chief Executive Officer's Report for the year ended 31 December 2018 (continued)

Markets and Economies (continued)

Over the year as a whole the S&P 500 index fell 6.2%, the EuroStoxx 50 declined 14.3%, the FTSE 100 fell 12.5% and the Nikkei by 12.1% (all figures capital only, local currency). All developed markets were down for the year and emerging markets fared no better – in China, for example, the Shanghai Composite fell over 25%, more than the main developed indices.

2018 was also an exceptional year for global bonds. Bond market valuations were impacted by many diverse factors including economic, political and technical. US Treasuries remained under pressure for much of 2018 as the Federal Reserve continued to hike interest rates (in total by 100 basis points) with indications that this normalisation of monetary policy would persist into 2019. For the first ten months of 2018 the Bank of America Merrill Lynch US Treasury Index declined by 2.3%, the worst performance since 2009, before staging a remarkable recovery in the last few weeks of the year which took the total return for 2018 to +0.8%. This effect was more pronounced for shorter dated Treasury Notes, where the BAML 1-3 Year US Treasury Index returned +1.3% in the fourth quarter to finish the year with a total return of 1.6%.

A sharp fall in equity markets towards the year end saw the Standard and Poor's 500 Index trading at 2347 on 26th December 2018, representing a twenty percent decline in this index since October. Prior to this move, markets were discounting several further rate hikes by the Fed, as evidenced by the 2-year Note yield, which traded at 2.97% on 8th November, while the lower bound of Fed funds rate was still at 2%. As expected, at the December Federal Open Markets Committee meeting, the Funds rate was increased by 0.25%. However, the median FOMC member projection for the Fed Funds rate at the end of 2019 reduced materially from 3.125% to 2.625%. The market-implied level moved even more dramatically: the December 2019 Fed Funds future (FFZ9) declined from 2.94% in early November to 2.24% on 3rd January 2019.

During 2018 the United Kingdom experienced heightened political turmoil surrounding Brexit. This resulted in substantial volatility for UK government bond markets. In the first eleven months of 2018, the Bank of America Merrill Lynch UK Gilt Index returned -1.8% then recovered sharply in December to finish the year at +0.5%. The Bank of England raised interest rates in early August, from 0.5% to 0.75%. This was significant as it was the first net increase from 0.5% since the reduction in rates in 2009. Contrary to the United States, futures markets discount further rate normalisation in the UK as SONIA OIS implies around a 50% probability of a rate hike in November 2019.

2019 Outlook

The last quarter of 2018 was a very volatile period for financial markets. Looking forward, investor sentiment is likely to improve but remain somewhat guarded. This is not surprising given the wall of worry that needs to be climbed, including: excessive monetary tightening; fading fiscal stimulus; an escalating trade war; and the perennial spike in geopolitical uncertainty. Whether some or all of these worries come to fruition will have profound implications for the financial markets.

One of the greatest concerns currently unsettling the markets is the fear that monetary policy in the largest economy in the world is on an excessive monetary tightening trajectory, which might lead to a sharp slowdown or even a recession. However, a number of factors suggest that risk markets over-reacted to the perceived risk of imminent recession: not every central bank is as advanced as the US in its interest rate cycle; the neutral rate of interest could rise as a result of rising investment for example, which means that rates can rise a little further without significantly damaging economic activity; and the Federal Reserve has started to scale back its intentions for monetary policy tightening.

Chief Executive Officer's Report for the year ended 31 December 2018 (continued)

2019 Outlook (continued)

Another worry facing the markets in 2019 is the fading of the substantial fiscal stimulus that was delivered to the US economy in 2018. Despite less fiscal expansion, households will provide some economic support as they will continue to benefit from low unemployment, gently rising wages and lower energy prices. Looser economic policy in China will also help to offset tighter policy in the US as China is increasing its budget deficit and reducing the reserve ratio requirement, which should make it easier for banks to extend credit.

Although the US-China trade war will probably rumble on during the first part of 2019, negotiations between the two parties are ongoing. The announced increase in tariffs on $200 billion of Chinese goods from 10% to 25% has been put on hold until 1 March and there is the expectation that this date will be extended further. Ultimately, given that the global economy is slowing down – partly due to a slowdown in world trade – it will be in the interests of both countries to seek a fairly swift resolution to their trade dispute.

Once again, elevated geopolitical uncertainty will likely be a source of worry for investors as they survey the economic and market landscape in 2019, with the main focal points being Brexit and the Eurozone. However, politics has always been a feature of the economic landscape and markets have managed to make progress.

US Treasuries appear to be fully priced as the current term structure of interest rates now implies a moderate likelihood of rate cut by the Fed this year. On balance, a rate hike is more likely, given continued economic expansion at a time of full employment and a positive output gap.

After the recent sell-off in equity markets, valuations look attractive. Together with economic fundamentals which are still in reasonable shape and dividend yields higher than bond yields in many parts of the world, there are grounds for believing that 2019 will be a better year for equities than 2018.

Recent volatility is more likely to be the result of a late cycle bump than an end of cycle crash, providing potential opportunities for the selective investor.

Albert Maasland

Group Chief Executive Officer

23 April 2019

Directors for the year ended 31 December 2018

Jeremy Parrish – Chairman and Independent Non-Executive Director

Jeremy Parrish joined the Board in 2017 with over four decades of banking experience. After starting his career with the ANZ Grindlays Group (which included postings to Hong Kong and Switzerland), he joined Standard Chartered Bank in 1994 as Head Of Corporate Banking, Europe. Following further international postings to Singapore and Tokyo, he returned to London as the Regional Head of Wholesale Banking for Europe. In 2005, after five years in the role, he was transferred to Abu Dhabi as CEO for Standard Chartered Bank UAE with particular responsibility for the UAE area. In 2011 he returned to Switzerland as CEO of Standard Chartered Bank, Switzerland. He is currently a non-executive director and Chairman of the Risk and Audit Committee of Julius Baer International Ltd. He is also Chairman of both the Challenger Trust and Raphaels Bank plc, Chairman designate of Anglo Gulf Trade Bank in Abu Dhabi , UAE and an advisor to Deloitte Financial Advisory.

Rajesh Bhatia - Independent Non-Executive Director

Rajesh Bhatia joined the Board in February 2018 bringing with him 30 years of international banking experience. He has held senior Risk Management positions at Standard Chartered, ING, and Australia New Zealand Bank. He was the Group Treasurer at Standard Chartered during the financial crisis.

Jennifer Johnson-Calari - Independent Non Executive Director

Ms. Jennifer Johnson-Calari joined the Board in June 2018. Jennifer created and led the World Bank's Reserves Advisory and Management Program (RAMP), which is one of the world's leading providers of consulting and capacity building services to public sector asset managers. In this capacity, she worked globally with central banks, national pension funds and sovereign wealth funds in strengthening governance and building investment management capacity. She contributed to setting global standards of best practice for the management of sovereign assets working with the IMF on the Reserves Management Guidelines and the ISWF's "Santiago Principles". Ms. Johnson-Calari is a contributing author to several books on sovereign wealth and central bank reserves management and has spoken widely on these topics at international conferences and central bank forums.

She began her career with the Board of Governors of the Federal Reserve System in international bank supervision before joining the World Bank. She has earned advanced degrees from the Harvard Business School (GMP, 2004) the Johns Hopkins School of Advanced International Studies (SAIS) (MA, 1981) and is a Chartered Financial Analyst (CFA). She currently serves as a consultant to several official sector asset managers and think-tanks.

Carole Machell - Independent Non-Executive Director

Carole Machell is a chartered accountant and experienced business leader combining P&L responsibility with end to end infrastructure experience. Carole has held senior executive roles in Merrill Lynch, JP Morgan and Barclays. She joined Barclays in 2006 in the Investment Bank then transitioned to the Corporate Bank in 2010. As global COO of the Corporate Bank she had responsibility for all infrastructure groups. Later as Head of the International Corporate Bank she had responsibility for Europe, Asia, Africa and North America. Later roles included COO and Deputy CEO of Barclay's Wealth Business.

Directors for the year ended 31 December 2018 (continued)

Carole Machell - Independent Non-Executive Director (continued)

Carole has extensive experience as a Non-Executive Director. She currently sits on the Board of Weatherby's Bank and Chairs their Risk Committee. She is also a member of their Audit and Remuneration Committees. She is a Trustee for the Charities Aid Foundation, 'CAF' and a Non-Executive Director for CAF Bank where she chairs the Risk Committee. She is a Non-Executive Director of Distribution Finance Capital Limited for which she chairs the Audit Committee and is a member of both the Risk and Remuneration Committees. She is also a Non-Executive Director of Sainsbury's Bank PLC for which she similarly chairs the Audit Committee and is a member of both the Risk and Remuneration Committees.

Arnold Ekpe – Non-Executive Director

Arnold Ekpe joined the Board in April 2016 and has degrees in engineering and business administration. He has over 30 years of experience of international banking. He has previously served as the CEO of the two leading Pan African banks, Ecobank and UBA and was responsible for developing Citibank's corporate and structured trade finance business in Sub Saharan Africa.

He is currently the Chairman of Microcred, the leading France based pan African Microfinance Banking Group; non-executive director of Dangote Flour Mills and Senior Adviser to the Dangote Group, the leading pan-African industrial group; Senior Adviser and member of the Investment Committee of US based Equator Capital Partners LLC; and non-executive director of Aavishkaar Venture Management Services, India.

Simon Poole - Non-Executive Director

Simon Poole joined the Board in April 2016 bringing with him 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 Mall for Africa Ltd. 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.

Directors for the year ended 31 December 2018 (continued)

Albert Maasland – Executive Director

Albert Maasland started his career in banking at Chase Manhattan Bank – later JP Morgan – and during his 11 years career there, was involved in transforming and building a range of highly successful and profitable business units, including launching the first generation of cross-border electronic transaction banking services in Europe. After roles in global cash management, institutional and Global Custody areas he moved to the Markets division as Head of FX sales for Chase.

Subsequently, Albert took over as Global Head of Business Development at HSBC Markets before moving to Deutsche Bank where he was involved in the transformation of their FX business, steering them from 24th to the number one FX provider worldwide. From FX he took increasingly senior roles ultimately joining the Management Committees of the wholesale and Investment Bank.

Albert spent a number of years developing various private businesses before returning to banking, helping establish the global e-commerce business at Standard Chartered before moving to Saxo Bank where he fulfilled numerous roles including CEO of Saxo Bank UK and then Chairman of Saxo Capital Markets UK. Albert was CEO of Knight Capital Europe and subsequently KCG Europe and is on the Board of EASDAQ NV, which is the parent company of Equiduct, a pan-European Regulated Market, operated by Bourse Berlin.

He joined the Board of CAIM's sister company, Crown Agents Bank Limited, as a Non-Executive Director in 2016 and was appointed as Group Chief Executive Officer in February 2017.

Richard Hallett – Chief Financial Officer

Richard Hallett is the Chief Financial Officer having joined the Company in June 2016. Richard's career spans more than 25 years in top tier financial services organizations with an extensive track record across Investment Banking, Commercial and Retail Banking sectors both regionally and globally. He was formally CFO of Barclays Africa and CFO of Absa Capital. Previous roles to this include UK & Europe CFO and Global Business Unit Controller at RBS, Managing Director, European Head of Fixed Income Product Control and Global Head of Interest Rates Product Control at Morgan Stanley, and Director and Global Head of Expense Management at Credit Suisse First Boston. Richard started his career at Price Waterhouse, is a qualified accountant and holds a BSc. (Hons) in Chemistry from the University of East Anglia.

Doug MacLennan – Chief Risk Officer

Doug MacLennan joined the Board in June 2013 having previously joined the Board of Crown Agents Bank Limited in December 2012, as both CFO and CRO. He stepped down from the CFO position in June 2016 to focus on the development of the risk management function within the group.

He has been involved in the UK Financial Services Industry for over 30 years within Investment Banking, Broking, and Global Custody, including previous appointments as Director of Finance at Merrill Lynch Limited; Deputy Managing Director at Sanwa International; Finance Director at the Bank of China International; and Senior Vice President of Risk Management at Northern Trust. Doug is a member of the Institute of Chartered Accountants of Scotland, and a Fellow of the Chartered Institute for Securities and Investments.

Rory Hanly – ceased to be a director on 31 July 2018

Strategic Report for the year ended 31 December 2018

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	2018	2017
Turnover (£'000)	**3,097**	2,864
Profit before tax (£'000)	**168**	90
Return on capital employed based on start of year shareholder's funds	**4.6%**	3.4%
Funds under management (£M)		
- discretionary	**1,231**	1,139
- non discretionary	**818**	729
Total	**2,049**	1,868

Financial Position of the Company

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

	2018 £'000	2017 £'000
Total Assets	**3,811**	3,469
Total Shareholders' funds	**2,867**	2,741

Strategic Report for the year ended 31 December 2018 (continued

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 is conscious of the FCA’s Pillar 3 Capital Adequacy disclosure 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

23 April 2019

Directors' Report for the year ended 31 December 2018

The directors submit their report and the audited financial statements of the Company for the year ended 31 December 2018.

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 (2017: £nil).

Political Donations

No political donations were made in 2018 or 2017.

Financial risk management

Details of financial risk management are set out on page 12 within the Strategic Report.

Employee Matters

(a) Employee Engagement Survey

On an annual basis the Company carries out an Employee Engagement Survey. Through a company-wide questionnaire and a series of focus groups, the Company explores how it measures up to its stated values/ industry benchmark and how well engaged employees are with their roles. The most recent survey, carried out in late 2018, concluded that the level of staff engagement compares well with the industry benchmark and is above benchmark in many areas.

(b) Disabled Persons

Our commitment is to attract talented individuals. 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 the Company continues. It is the policy of the Company 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.

Directors' Report for the year ended 31 December 2018 (continued)

(c) 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 quarterly townhall meetings hosted by the Chief Executive Officer, through the intranet, notices and via webinars/ training programmes.

(d) Gender diversity

The proportion of women and men employed by the business is 11% and 89% 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:

J Parrish* (Chairman)
R Bhatia* (appointed 23 February 2018)
J Johnson-Calari* (appointed on 26 June 2018)
C Machell*
A Ekpe**
S Poole**
A Maasland
R Hallett
D MacLennan
R Hanly (ceased to be a director on 31 July 2018)

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

Directors' Report for the year ended 31 December 2018 (continued)

Statement of Directors' Responsibilities in respect of the Financial Statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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 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.

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 2018 (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 Company 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 Company. The Company has dispensed with holding annual general meetings and with the laying of financial statements before the shareholders 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

23 April 2019

Independent Auditors' Report to the members of Crown Agents Investment Management Limited

Report on the audit of the financial statements

Opinion

In our opinion, Crown Agents Investment Management Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; the income statement, the cash flow statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Independent Auditors' Report to the members of Crown Agents Investment Management Limited (continued)

Report on the audit of the financial statements (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 15, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report to the members of Crown Agents Investment Management Limited (continued)

Report on the audit of the financial statements (continued)

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Luke Hanson

Luke Hanson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 April 2019

Income Statement for the year ended 31 December 2018

	Note	**2018 £'000**	2017 £'000
Turnover	2	**3,097**	2,864
Currency (loss)/gain		**(18)**	53
Administrative expenses	3	**(2,918)**	(2,833)
OPERATING PROFIT		**161**	84
Interest receivable and similar income	4	**7**	6
PROFIT BEFORE TAXATION		**168**	90
Tax on profit	6	**(42)**	(4)
PROFIT FOR THE FINANCIAL YEAR		**126**	86

There were no other items of Comprehensive Income (2017: £nil).

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

The notes on pages 23-43 form part of these financial statements.

Balance Sheet as at 31 December 2018

	Note	2018 £'000	2018 £'000	2017 £'000	2017 £'000
FIXED ASSETS					
Intangible assets	7		**418**		112
Tangible assets	8		**2**		-
TOTAL FIXED ASSETS			**420**		112
CURRENT ASSETS					
Debtors, prepayments and accrued income	9	**1,153**		990	
Derivatives	10	**-**		34	
Cash at bank	11	**2,243**		2,333	
		3,396		3,357	
Creditors – amounts falling due within one year	12	**(909)**		(728)	
Derivatives	10	**(40)**		-	
		(949)		(728)	
NET CURRENT ASSETS			**2,447**		2,629
TOTAL ASSETS LESS CURRENT LIABILITIES			**2,867**		2,741
CAPITAL AND RESERVES					
Called up share capital	13		**1,650**		1,650
Profit and loss account			**1,217**		1,091
TOTAL SHAREHOLDERS' FUNDS			**2,867**		2,741

The notes on pages 23-43 form part of these financial statements.

The Board of Directors approved the financial statements on 23 April 2019.

A Maasland
Director

R Hallett
Director

Statement of Changes in Equity for the year ended 31 December 2018

	Called up share capital £'000	Profit and loss account £'000	Total £'000
Balance as at 1 January 2017	1,650	1,005	2,655
Profit for the financial year	-	86	86
Balance as at 31 December 2017	1,650	1,091	2,741
Balance as at 1 January 2018	**1,650**	**1,091**	**2,741**
Profit for the financial year	**-**	**126**	**126**
Balance as at 31 December 2018	**1,650**	**1,217**	**2,867**

There were no dividends paid or proposed in the year (2017: £nil).

Cash Flow Statement for the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Net cash inflow/(outflow) from Operating Activities	**17**	**217**	(83)
Cash flow from Investing Activities			
Purchase of intangible assets	**7**	**(315)**	(109)
Purchase of tangible assets	**8**	**(3)**	-
Interest received		**7**	6
Net cash used in investing activities		**(311)**	(103)
Cash flow from Financing Activities			
Injection of new capital	**13**	**-**	-
Net cash generated from financing activities		**-**	-
Net decrease in cash at bank		**(94)**	(186)
Cash at bank at the beginning of the year		**2,333**	2,529
Exchange gain/ (loss) on cash at bank		**4**	(10)
Cash at bank and in hand at the end of the year	**11**	**2,243**	2,333

Notes to the Financial Statements for the year ended 31 December 2018 – Contents

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Notes to the Financial Statements for the year ended 31 December 2018

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 the United Kingdom. The address of its registered office is Quadrant House, The Quadrant, Sutton, Surrey, SM2 5AS

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 derivative financial assets and liabilities are held at fair value through profit and loss.

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, regulatory capital requirements, 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. 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 2018 (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 within Currency Gain/ Loss.

(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 2018 (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 and amortisation

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:

Core system software – 10 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) Tangible fixed assets and depreciation

Tangible fixed assets are stated in the balance sheet at historic cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bring the asset to its working condition for its intended use. Assets are depreciated from the date they are brought into use. Depreciation is calculated to write down assets to their residual value in equal instalments over their estimated useful lives, which are:

Computer equipment	5 years

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

1 STATEMENT OF ACCOUNTING POLICIES (continued)

(j) 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.

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.

(k) Cash and cash equivalents

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

(l) 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 2018 (continued)

1 STATEMENT OF ACCOUNTING POLICIES (continued)

(l) Financial instruments (continued)

(i) Financial assets (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 Currency Gain/Loss.

Trade Creditors

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, where appropriate, measured at amortised cost using the effective interest method.

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(l) Financial instruments (continued)

(ii) Financial liabilities (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.

(m) Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, medical insurance, 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.

(n) Recognition of income

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

(o) 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 2018 (continued)

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(o) 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:

	2018	2017
	%	%
Africa	**34**	34
Caribbean, Atlantic and the Americas	**26**	21
UK	**19**	25
Rest of Europe	**21**	20
	100	100

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

3 ADMINISTRATIVE EXPENSES

	2018	2017
	£'000	£'000
Staff costs and directors' emoluments* (Note 5)	**1,307**	1,257
Provisions for bad debts	**-**	24
Amortisation	**9**	3
Depreciation	**1**	-
Management fees charged*	**570**	659
Administrative and other expenses*	**1,031**	890
	2,918	2,833

* payable through/ to other group companies

The administrative expenses, and other expenses payable to/through group companies, include remuneration for the auditors. The fees payable to the auditors were £60,000 (2017: £63,000) for auditing the financial statements and £nil (2017: £nil) for other services.

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

4 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 2018 (continued)

5 STAFF COSTS AND DIRECTORS' EMOLUMENTS

Staff Costs and Directors' Emoluments	**2018**	2017
	£'000	£'000
Wages and salaries	**920**	794
Social security costs	**133**	120
Pension costs	**60**	53
Other costs (inc bonus accrual and external consultants)	**194**	290
	1,307	1,257

The aggregate emoluments and pension contributions of the directors were £20,000 (2017: 20,833) and key management were £200,608 (2017: £189,319).

The aggregate emoluments and pension contributions of the highest paid director were £20,000 (2017: £20,833) and £nil (2017: £nil) respectively.

No retirement benefits (2017: £nil) accrued to directors under defined benefits pension schemes during the year.

The monthly average number of full time staff, including executive directors, was 13 (2017: 13).

The Company operates a defined contribution pension scheme. The Company contributed £60,251 (2017: £53,109) to this scheme during the year of which £5,365 (2017 - £4,681) was paid after the year end.

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

6 TAX ON PROFIT

A Analysis of Charge for the Year

	2018 £'000	2017 £'000
Corporation tax based on the profit for the year at 19.00% (2017: 19.25%)	**22**	-
Prior year adjustment	**6**	-
Deferred tax (Note 13)	**14**	4
Total tax charge	**42**	4

B Factors Affecting Tax Charge for the Year

	2018 £'000	2017 £'000
Profit before taxation	**168**	90
Profit before taxation multiplied by standard rate of corporation tax of 19.00% (2017: 19.25%)	**32**	17
Other adjustments	**(10)**	(3)
Prior year adjustment	**6**	-
Tax sheltered by group relief	**-**	(14)
Corporation tax	**28**	-
Deferred tax – timing differences	**14**	4
Total tax charge	**42**	4

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

7 INTANGIBLE ASSETS

	Intangible Assets – Core Software £'000
Cost	
At 1 January	122
Additions	315
Disposals	-
At 31 December	**437**
Accumulated amortisation/ depreciation	
At 1 January	10
Charge	9
Disposals	-
At 31 December	**19**
Net Book Value at 31 December 2018	**418**
Net Book Value at 31 December 2017	112

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

8. TANGIBLE ASSETS

	Tangible Assets – Computer Equipment £'000
Cost	
At 1 January	-
Additions	3
Disposals	-
At 31 December	**3**
Accumulated amortisation/ depreciation	
At 1 January	-
Charge	1
Disposals	-
At 31 December	**1**
Net Book Value at 31 December 2018	**2**
Net Book Value at 31 December 2017	-

9. DEBTORS, PREPAYMENTS AND ACCRUED INCOME

	2018 £'000	2017 £'000
Trade debtors	**293**	191
Prepayments	**56**	58
Accrued income	**804**	741
	1,153	990

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

10 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$ 864,000 (2017: US $893,000) as at 31 December 2018. The positive fair value of the remaining outstanding forward deals at 31 December 2018 was £nil (2017: £34,249). The negative fair value of the remaining outstanding forward deals at 31 December 2018 was £40,114 (2017: £nil). Such gain/losses are reported net of foreign exchange (profit)/ loss arises from gains/ losses on holding US dollar balances which are revalued monthly. The resulting loss (2017: profit) is included within Currency Gain /Loss in the Income statement.

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.

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.

11 CASH AT BANK

The amounts relate to call accounts with a fellow subsidiary, Crown Agents Bank Limited.

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

12 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£'000	£'000
Amounts owed to group undertakings	**310**	304
Corporation tax	**28**	-
Deferred tax (Note 14)	**16**	2
Other creditors, accrued expenses and deferred income	**555**	422
	909	728

13 CALLED UP SHARE CAPITAL

	2018	2017
	£'000	£'000
Issue, allotted and fully paid (ordinary shares of £1 each)		
As at 1 January and 31 December	**1,650**	1,650

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 liability (2017 – liability) recognised in the financial statements, calculated at 19% (2017: 20%) is:

	2018	2017
	£'000	£'000
Capital allowances in excess of depreciation	**(16)**	(2)

There was a charge of £13,577 to the income statement during the year (2017: £4,000 charge). There are no un-provided deferred tax assets or liabilities (2017: nil).

Notes to the Financial Statements for the year ended 31 December 2018 (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 2018	**Less than 3 months**	**More than 3 months less than 1 year**	**Total**
	£'000	**£'000**	**£'000**
Debtors, prepayments and accrued income	**1,153**	**-**	**1,153**
Cash at bank	**2,243**	**-**	**2,243**
	3,396	**-**	**3,396**
Intangible assets			**418**
Tangible assets			**2**
			3,816

Liabilities 2018	**Less than 3 months**	**More than 3 months less than 1 year**	**Total**
	£'000	**£'000**	**£'000**
Creditors	**909**	**-**	**909**
Derivatives	**14**	**26**	**40**
	923	**26**	**949**
Shareholders' funds			**2,867**
			3,816

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

15 RISK MANAGEMENT (continued)

Assets 2017	Less than 3 months	More than 3 months less than 1 year	Total
	£'000	£'000	£'000
Debtors, prepayments and accrued income	990	-	990
Derivatives	12	22	34
Cash at bank	2,333	-	2,333
	3,335	22	3,357
Intangible assets			112
			3,469

Liabilities 2017	Less than 3 months	More than 3 months less than 1 year	Total
	£'000	£'000	£'000
Creditors	728	-	728
Shareholders' funds			2,741
			3,469

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

15 RISK MANAGEMENT (continued)

(ii) Currency Risk: the Company's currency risk is largely hedged by forward foreign exchange contracts (see note 10).

The foreign currency profile of the Company is as follows:

	2018	2017
	£'000	£'000
Assets		
Denominated in sterling	**3,528**	3,378
Denominated in other currencies	**288**	91
	3,816	3,469
Liabilities and equity		
Denominated in sterling	**3,816**	3,469
Denominated in other currencies	**-**	-
	3,816	3,469

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
		£'000	£'000	£'000
2018				
Trade debtors	9	**-**	**1,167**	**1,167**
Cash at bank and in hand	11	**-**	**2,243**	**2,243**
			3,410	**3,410**
2017				
Trade debtors	9	-	191	191
Derivatives		34	-	34
Cash at bank and in hand	11	-	2,333	2,333
		34	2,524	2,558

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

16 FINANCIAL INSTRUMENTS (continued)

Financial liabilities	Note	Liabilities at FVTPL[1]	Financial liabilities at amortised cost	Total
		£'000	£'000	£'000
2018				
Amounts owed to group undertakings	12	**-**	**310**	**310**
Derivative financial instruments	10	**40**	**-**	**40**
Other creditors and accrued expenses	12	**-**	**583**	**583**
		40	**893**	**933**
2017				
Amounts owed to group undertakings	12	-	304	304
Derivative financial instruments	10	-	-	-
Other creditors and accrued expenses	12	-	422	422
		-	726	726

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

17 NOTES TO THE CASH FLOW STATEMENT

Reconciliation of profit before taxation to net cash flow from operating activities

	2018	2017
	£'000	£'000
Profit before taxation	**168**	90
Less - interest receivable	**(7)**	(6)
Effect of currency exchange rate changes	**70**	(107)
Amortisation of intangible assets	**9**	3
Depreciation of tangible assets	**1**	-
Increase in debtors	**(163)**	(213)
Increase in creditors	**139**	150
Net cash inflow/ (outflow) from operating activities	**217**	(83)

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

18 HOLDING COMPANY

The immediate parent undertaking is CABIM Limited which is the smallest and largest group to consolidate these financial statements as at 31 December 2018. The ultimate parent undertaking and controlling party is Helios Investors III LP, acting through its general partner 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 Quadrant House, The Quadrant, Sutton, Surrey SM2 5AS.

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 is a wholly owned subsidiary of CABIM Limited.

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