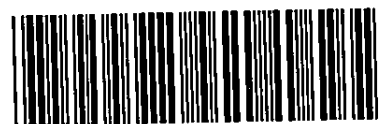


The Crown Agents Foundation

**Annual Report and
Financial Statements for the
year ended 31 December 2012**

Company Registration Number: 03251167

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COMPANY INFORMATION

Foundation Council Members *

HRH The Duke of Gloucester, KG, GCVO, President
Francis I Sumner, Vice President 3
Paul A Batchelor * 3
Jenny E Borden OBE
Beatrice Devlin
Francis J Griffiths
Terence Jagger CBE *
Sir Paul Judge
Dr Mohan Kaul
Chandrashekhhar Krishnan (Resigned 7 November 2012)
Dr Chris Masters CBE * 1 3
Caroline Nursey
Nigel L Platts * 2 3
Ransford Smith (Resigned 7 November 2012)
Keith G White CBE

* Denotes also a member of the Board of The Crown Agents for Oversea Governments & Administrations Limited

1 Denotes member of the Audit and Risk Committee
2 Denotes Chairman of the Audit and Risk Committee
3 Denotes member of the Remuneration Committee

Company Secretary Lynn Hale

Registered Office St Nicholas House
St Nicholas Road
Sutton
Surrey
SM1 1EL

Independent Auditors PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
First Point
Buckingham Gate
London Gatwick Airport
West Sussex
RH6 0PP

COMPANY INFORMATION (Cont'd)

Permanent Members

Aga Khan Foundation (Geneva)
Charities Aid Foundation
The Chartered Institute of Building
The Chartered Institute of Purchasing and Supply
Christian Aid
The Institute of Development Studies
International Business Leaders Forum
International Chamber of Commerce UK
The Royal Commonwealth Society
The Royal Society for the Encouragement of Arts, Manufactures and Commerce
The Secretary of State for International Development (nominee Liz Ditchburn)

Elected Members

AMREF – African Medical and Research Foundation (Nairobi)
BBC Media Action
British Council
British Expertise
British Standards Institution
British Telecommunications plc
CARE International UK
Caribbean Council
The Chartered Institute of Logistics & Transport (UK)
Commonwealth Business Council
Concern Worldwide (Dublin)
First Caribbean International Bank
Mr Stuart Kerr – Legal and Regulatory Director, Millennium Challenge Corporation
Practical Action
Standard Chartered Bank
Higher School of Economics National Research University (Moscow)
Transparency International (Berlin)
Unilever plc

Report of the Council for the Year Ended 31 December 2012

The Council presents its annual report and the financial statements of the company and its subsidiaries ("the Group") for the year ended 31 December 2012

Incorporation

The Crown Agents Foundation ("the Foundation") is a company limited by guarantee incorporated by registration under the Companies Act on 12 September 1996 under registered number 03251167

Background information

Crown Agents came into being in 1833 and became a Statutory Corporation in 1980. On 21 March 1997 the functions, assets and obligations of the Statutory Corporation were transferred to a new operating company, The Crown Agents for Oversea Governments and Administrations Limited (hereinafter "Crown Agents", which term includes its subsidiaries where appropriate) which adopted the balance sheet of the Statutory Corporation. Simultaneously ownership of this new company transferred from Her Majesty's Government to the Foundation which was established for this purpose.

Principal activity

The objectives of the Foundation as set out in its Memorandum of Association are restricted to the ownership of the operating company and to securing that Crown Agents undertakes on commercial terms, the supply of goods and services to enable nations to make the best use of available resources, whilst adhering to the highest standards of honesty and integrity. A secondary activity is the application of funds allocated to it by Crown Agents for developmental purposes including education and training. The constitution clearly distinguishes the Foundation, its business and its relationship with Crown Agents from that of a conventional holding company and confines the business of the Foundation to that of guardian of Crown Agents' blend of commercial effectiveness and developmental purpose. The Foundation does not trade on its own account.

Business review

2012 was another challenging year for the Group. Turnover dropped from £110.6m to £99.7m and this drove a reduced profit before tax from £5.2m to £1.6m. Notwithstanding that, we made progress in our modernisation and investment programme, to make us more robust, more skilled, and better able to respond creatively and flexibly to donors, developing country governments, and the private sector. The drop in turnover is principally caused by the cessation of some major contracts in the year.

Crown Agents Investment Management Limited sold its investment in MCB Investment Management Company Limited creating an exceptional profit of £0.5m.

We were delighted to acquire Weidemann, a highly regarded US based development consultancy with particular expertise in monitoring & evaluation and food security. They are already making a real contribution to our offerings to clients and to our ability to understand the effectiveness of programmes. We continued to progress our new growth strategy. We have built up our presence in South Sudan, established a permanent presence in Myanmar and are about to open offices in Central Asia and Ethiopia, while strengthening our capability in Pakistan and Afghanistan. We have had an office in Japan since the 1960's and we cemented our presence there, broadening skills and establishing a Japanese company.

Looking forward to 2013

2013 will be a year of change, investment and consolidation, and we are optimistic about the future as we continue to make lasting changes in developing and emerging countries – in health, in economic growth, and in public finance. We will do this effectively and profitably while generating funds to reinvest in further development.

Report of the Council for the Year Ended 31 December 2012 (Cont'd)

Review of financial performance

Group profit for the year of £1.6m (2011: £5.2m) was after recognising a payment to staff under the Corporate Performance Review Scheme of £2.1m (2011: £3.4m), £3.3m (2011: £3.1m) pension costs under FRS17 and an allocation towards the social and developmental activities of The Crown Agents Foundation of £500,000 (2011: £500,000).

The Group's key financial and other performance indicators during the year were as follows:-

	2012	2011
	£ 000	£ 000
Group Turnover	99,726	110,639
Group Gross Profit	40,758	42,068
Group Profit before Taxation	1,581	5,224
Group Profit after Taxation	849	3,760
Days Sales Outstanding	47	48

Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Group's long term performance.

(i) Global, political and economic conditions

Crown Agents provides services to more than 100 countries around the world with its main activities focussed on developing countries. While benefitting from the opportunities and growth potential in these regions the Group is exposed to the economic, political and business risks associated with such international operations. The Group encounters different legal and regulatory requirements including those for taxation, environmental, operational and competitive matters. It is exposed to the effect of political risk which can include sudden changes in regulations, imposition of trade barriers and wage controls, limits on the export of currency and volatility of prices, taxes and currencies. Management monitor such risks, maintaining appropriate insurance cover and business procedures to mitigate any exposure.

(ii) Commercial relationships

Crown Agents benefits from close commercial relationships with a number of key clients, partners and suppliers. The loss of any of these key clients, partners or suppliers, the loss of a major contract or a significant worsening in commercial terms, could have a material impact on the Group's results. Crown Agents devotes significant resources to supporting these relationships to ensure they continue to operate satisfactorily. From time to time the Group undertakes surveys of client satisfaction which are reviewed by the Board.

(iii) Competitor risk

Crown Agents operates in highly competitive markets. Significant product innovations, technical advances or the intensification of price competition could all adversely affect the Group's results. Crown Agents invests significant resources in research and development in order to ensure the introduction of both new products and improved services to allow the Group to be at the forefront of its chosen markets. The Group also continually works to streamline its cost base to ensure it remains competitive.

Report of the Council for the Year Ended 31 December 2012 (Cont'd)

(iv) Legal and Contractual Risks

The focus of the Group operations is in developing countries, many of which are perceived as presenting a high risk of corruption. This presents the Group with significant anti-fraud, bribery and corruption challenges. The Group seeks to address these challenges through the implementation and robust enforcement of its new Global Ethical and Compliance System, introduced in November 2012 by its Chief Compliance Officer, appointed in March 2012, together with its established Operations and Group Finance controls and procedures.

In addition to anti-fraud, bribery and corruption laws, in the ordinary course of its business the Group is subject to a broad range of criminal and civil laws, regulations and standards in each of the many jurisdictions in which it operates. This includes those covering the health, safety and security of our staff and others who work for us. Also, in the ordinary course of its business, the Group enters into a broad range of contractual commitments, including joint ventures, consortia and the giving of guaranties and sureties, which are subject to interpretation and enforcement under the laws and rules of a broad range of jurisdictions, including those of the multilateral development banks. Failure to strictly comply with all such applicable laws, regulations, standards and contractual commitments has the potential to cause significant cost to the Group (in terms of fines, penalties and legal and related costs) and serious harm to the Group's reputation and eligibility to continue to bid for and undertake projects. The Group seeks to restrict and manage these risks through the combined efforts of its Executive leadership, its Operations, Legal Services and Compliance teams, and its bid and contractual review processes and other control procedures.

(v) Financial Services Regulatory Risk

The Group includes Crown Agents Bank Limited (the Bank) and Crown Agents Investment Management Limited (CAIM), both of which are subject to UK financial services regulation. In recent years the regulatory compliance burden on UK financial services businesses has increased significantly in terms of cost, resource and complexity. Following the appointment of the new Managing Director, Financial Services, a new Director of Risk and Compliance has been appointed and he is tasked with seeking to ensure that both the Bank and CAIM's risk and compliance controls and procedures fully comply with the applicable legal and regulatory requirements.

(vi) Pensions

As at 31 March 2011, the date of the most recent triennial actuarial valuations, Crown Agents' defined benefit pension fund was adequately funded. However, this position is exposed to the risk of changes in interest rates, return on investments, inflation and increasing longevity of the members. These risks are mitigated by paying appropriate contributions into the fund and by the Trustees maintaining an investment asset allocation policy which has the objective of avoiding a material deficit.

For accounting purposes Crown Agents must report in accordance with FRS17 which considers the position of the pension fund as at a particular date taking into account financial market conditions on that day. Crown Agents takes no specific measures to mitigate the volatility risks inherent within FRS17 and relies solely upon the information provided within the triennial valuation, which looks at the scheme's performance over the longer term, to support decisions designed to ensure the long term viability of the scheme, including the annual funding cost thereof.

Report of the Council for the Year Ended 31 December 2012 (Cont'd)

Environmental issues

The Crown Agents Group environmental policies have two separate components. The first addresses how it relates to third parties and the impact that they have upon the environment, where its policy is not to buy goods on behalf of its clients that have been sourced in illegal or environmentally unsustainable ways. The second part addresses how Crown Agents Group itself operates and aims to reduce the negative impact it has upon the environment.

Crown Agents Group's environmental working group is responsible for improving the Group's environmental impact. The Group's aim is to operate and further develop the corporate environmental policy with clear and achievable objectives to reduce the Group's carbon footprint.

Employee involvement

(i) Employee Engagement Survey

From time to time Crown Agents Group carries out an Employee Engagement Survey. Through a company-wide questionnaire and a series of focus groups, the Group explores how it measures up to its stated values and how well engaged staff are with their jobs and Crown Agents Group as a whole. The most recent survey, carried out in late 2012, concluded that the level of staff engagement is high and compares well with similar organisations.

(ii) 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 Crown Agents Group continues.

(iii) 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, through the intranet and notices and via webinars and training programmes.

Future developments

Our principal clients and markets continue to move towards longer term and more complex projects which tend to be larger than projects we have undertaken hitherto and carry a very different risk profile. Current and planned investment in systems and training are designed to win a greater proportion of these contracts and ensure satisfactory completion by the application of disciplined project management methodology and risk management.

Report of the Council for the Year Ended 31 December 2012 (Cont'd)

Council members

The Members of the Council of the Foundation are listed on page 2

Directors' indemnities

As permitted by the Articles of Association, the Members of the Council 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.

Corporate responsibility statement

A Corporate Responsibility Statement has been approved by the Board of Crown Agents ("the Board"). The Statement is an umbrella framework for Crown Agents which is intended to address the growing demands and expectations related to corporate social responsibility of our businesses, NGO's, donors and stakeholders. It encompasses our Ethical, Equal Opportunities, HIV/AIDS and other policies and has been communicated to all staff.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Independent auditors

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

Approved by the Council on 8/4/13 and signed on its behalf on 19/4/13 by:



Lynn Hale
Company Secretary

Corporate Governance

The Foundation is committed to high standards of corporate governance. This statement describes how the principles of corporate governance have been applied by the Council and Crown Agents.

The Workings of the Council and its Committees

The Foundation Council

The Council presently comprises the President and 12 other members. All appointments to the Council are subject to the approval of the Foundation by ordinary resolution and Council Members are subject to re-election every three years.

Members of the Council have a wide range of experience and meet at least twice each year to review reports from the Crown Agents' Chief Executive and Audit and Risk Committee and to consider the application of income received in the furtherance of the Foundation's social and developmental objectives. The Council met formally on two occasions during the year.

The role of the Council is to oversee and monitor the activities of Crown Agents rather than to directly participate in the management of its business. The Constitution of the Foundation gives the Council a powerful array of instruments through which to achieve these objectives and the Council has established other committees to which it has delegated specific responsibilities as described below.

Investment Review Committee

As required by the Articles of Association, the full Council sits as an Investment Review Committee to review the investment policy of the Foundation and to monitor and analyse the performance of the Foundation's assets.

Nominations Committee

All appointments to the Board are made by the Foundation as sole shareholder on the advice of the Nominations Committee of the Board comprising the Non-Executive Directors, three of whom are members of the Council. The Committee has used external agencies for recent appointments.

The Nomination Committee reviews the balance of skills of Directors, the overall functioning of the Board and overarching succession issues. With the Chief Executive it reviews the performance of Executive Directors. The Chairman and Mr Platts, as Senior Independent Director, review the performance and potential individual succession issues of non-executives. Led by Mr Platts, the Committee meets at least once a year in the absence of the Chairman to consider the Chairman's performance and tenure.

Membership Committee

The Membership Committee of the Foundation Council comprises the Vice President and two members of the Council, presently Mrs Borden and Mr Griffiths. It meets on an ad hoc basis to consider applications from prospective members of the Foundation and issues relating to the membership.

Corporate Governance (Cont'd)

Remuneration Committee

The Remuneration Committee established by the Council comprises, the Vice President of the Foundation, the Chairman of Crown Agents, two other Council Members, presently Messrs Platts and Masters, and Mr D N McMenamin who is a Non-Executive Director of Crown Agents. In keeping with Crown Agents' Articles of Association, the Board has resolved that in exercising its power to fix the remuneration of Executive Directors it shall be bound by the decisions of the Remuneration Committee.

The Committee meets at least once each year to consider, within agreed terms of reference, Crown Agents' framework of executive remuneration and its cost. It also determines the contract terms, remuneration and other benefits for each of the Executive Directors including performance related bonus schemes, pension rights and compensation payments. The Chief Executive attends meetings (except when his own performance and remuneration are under review) but is not a member of the Committee. Remuneration consultants advise the Committee where necessary.

The Committee also determines the remuneration of senior members of staff based upon recommendations made by the Crown Agents' Executive Committee to whom the Board has delegated the day to day running of the company. The remuneration of non-Executive Directors is based upon the recommendation of the Vice President of the Foundation and the Chief Executive. The Chairman's remuneration is based upon the recommendation of the other members of the Remuneration Committee. The Committee met formally on one occasion during the year (2011: once).

Members of the Council are not remunerated in respect of their membership of the Council.

Audit and Risk Committee

The Audit and Risk Committee currently comprising Mr Platts (Chairman), Dr Masters and Mr McMenamin meets at least four times each year. The Audit and Risk Committee members are also the members of the Crown Agents' Audit and Risk Committee. The Committee met on four occasions during the year (2011: four) and the meetings were attended by the external auditors and the Crown Agents' Chief Executive, Chief Financial Officer (other than one meeting) and Group Chief Internal Auditor. The Committee also met privately with the auditors and without the Crown Agents' Executive Directors present.

The Committee reviewed the effectiveness of internal controls, agreed the annual audit programme and reviewed reports of internal and external auditors and the Group's annual (audited) financial statements before submission to the Council for approval. The Committee also kept under review the cost effectiveness, the independence and objectivity of the external auditors. The provision of non-audit services by the auditors requires the approval of the Audit and Risk Committee.

Discretionary Grants and Scholarships Committee

The Discretionary Grants and Scholarships Committee comprises four members of the Foundation Council presently Mrs Borden, Ms Nursey, Mr Griffiths and Mr Jagger. The Committee reviews and recommends suitable uses for scholarships and other discretionary awards.

Internal Control

In order to perform its supervisory and monitoring role the Council receives and reviews annual reports from the Crown Agents' Chief Executive and Chairman of the Crown Agents' Audit and Risk Committee detailing any major issues regarding the financial statements, accounting records, internal controls and adequacy of working capital resources. Through this process the Council is able to satisfy itself that the responsibilities of the Board for the control and reporting of the activities of Crown Agents have been and continue to be adequately discharged. In addition, the Council has relied upon assurances contained in a letter of representation from the Board of Crown Agents.

Statement of Directors' Responsibilities

The members of the Council, as directors, are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. 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 Group and the company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to -

- select suitable accounting policies and apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and 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.

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, 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) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Independent Auditor's Report to the Members of The Crown Agents Foundation

We have audited the Group and parent company financial statements (the "financial statements") of The Crown Agents Foundation for the year ended 31 December 2012 which comprise the Consolidated Profit and Loss Account, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities (set out on page 11), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Scope of the audit of the financial statements

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 Group's and parent 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group's and the parent company's affairs as at 31 December 2012 and of the Group's 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report to the Members of The Crown Agents Foundation (Cont'd)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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



Andrew Paynter (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick

Date

19/4/2013

Consolidated Profit and Loss Account for the Year Ended 31 December 2012

		Re-stated *	
		2012	2011
	Note	£'000	£'000
Turnover	1	99,726	110,639
Cost of sales		(58,968)	(68,571)
Gross profit		40,758	42,068
Administrative expenses		(39,112)	(36,636)
Operating profit	2	1,646	5,432
Share of operating profit in joint ventures		116	153
Income from participating interests		86	213
Amounts written off investments		-	(125)
Other interest receivable and similar income		237	307
Interest payable and similar charges		(66)	(119)
Other finance costs	3	(985)	(637)
Profit on ordinary activities before exceptional item		1,034	5,224
Exceptional item	4	547	-
Profit on ordinary activities before taxation		1,581	5,224
Tax on profit on ordinary activities	6	(720)	(1,464)
Profit on ordinary activities after taxation		861	3,760
Minority interests		(12)	-
Profit for the financial year attributable to members of the parent company	20	849	3,760

* The 2011 Group results have been restated to eliminate £5 9m of intra-group trading. This has no effect on profit.

The results for the current and prior year are attributable to the continuing operations of the Group. On a historical cost basis the profit on ordinary activities before taxation would be increased by £74,000 to £1,655,000 being the difference between historical cost depreciation and the actual charge calculated on the revalued amounts. A reconciliation of movements in shareholders' funds is given in Note 20 to the financial statements.

In accordance with the exemption permitted by S408 of the Companies Act 2006, the profit and loss account of the Company is not separately presented. The profit attributable to the shareholders, dealt with in the financial statements of the Company, is £nil (2011: £nil).

The notes on pages 20 to 43 form an integral part of these financial statements.

Consolidated Statement of Total Recognised Gains and Losses for the Year Ended 31 December 2012

		2012	2011
	Note	£'000	£'000
Profit for the financial year	19	849	3,760
Foreign currency translation differences	19	272	(403)
Unrealised (deficit)/surplus on revaluation of properties	19	(4,100)	772
Actuarial (loss) recognised on defined benefit pension scheme	19	(1,724)	(14,726)
Deferred tax on actuarial (loss)/gain recognised on defined benefit pension scheme	19	(126)	3,483
Total recognised gains and losses relating to the year	20	<u>(4,829)</u>	<u>(7,114)</u>

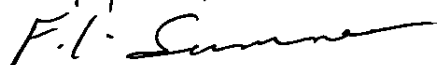
The notes on pages 20 to 43 form an integral part of these financial statements

Consolidated Balance Sheet at 31 December 2012

			2012	Re-stated *	2011
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	7		1,132		-
Tangible assets	8		8,558		11,630
Investments in associated undertakings	9		552		466
			<u>10,242</u>		<u>12,096</u>
Current assets					
Investments	10	-		7,726	
Debtors	11	30,923		38,710	
Money market deposits and securities	12	812,771		686,770	
Cash at bank and in hand		15,480		13,865	
		<u>859,174</u>		<u>747,071</u>	
Creditors: Amounts falling due within one year					
Creditors within one year	14	(45,681)		(46,740)	
Customers' deposits	15	(775,566)		(662,265)	
		<u>(821,247)</u>		<u>(709,005)</u>	
Net current assets			37,927		38,066
Total assets less current liabilities			48,169		50,162
Creditors: Amounts falling due after more than one year	16		-		(1,005)
Provisions for liabilities	17		(1,770)		(1,620)
Nets assets excluding pension asset/liability			46,399		47,537
Net pension liability	21		(23,252)		(19,573)
Net assets			<u>23,147</u>		<u>27,964</u>
Capital and reserves					
Called up share capital	18	2,000		2,000	
Revaluation reserve	19	(1,022)		3,152	
Other reserves	19	6,020		6,020	
Profit and loss account	19	16,137		16,792	
Total Shareholders' funds	20	23,135		27,964	
Minority Interest		12		-	
Capital employed			<u>23,147</u>		<u>27,964</u>

* The 2011 Group results have been restated as explained in note 12

The financial statements on pages 14 to 19 were approved by the Council on 8/4/13 and signed on its behalf on 19/4/13 by:



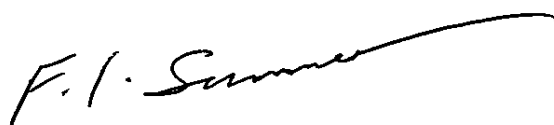
Francis I Sumner, Vice President

The notes on pages 20 to 43 form an integral part of these financial statements

Balance Sheet at 31 December 2012 (Registration Number: 03251167)

	Note	2012 £ 000	2011 £ 000
Fixed assets			
Investments		<u>2,000</u>	<u>2,000</u>
Capital and reserves			
Other reserves	19	<u>2,000</u>	<u>2,000</u>

The financial statements on pages 14 to 19 were approved by the Council on 8/4/13 and signed on its behalf on 19/4/13 by:



Francis I Sumner, Vice President

The notes on pages 20 to 43 form an integral part of these financial statements

Consolidated Cash Flow Statement for the Year Ended 31 December 2012

	2012	2011
	£ 000	£ 000
Operating profit	1,646	5,432
Joint venture income	116	153
Foreign currency translation	272	(403)
Depreciation, amortisation and impairment charges	1,314	1,121
(Profit)/Loss on disposal of fixed assets	(51)	120
Decrease in debtors	7,787	6,847
Decrease in creditors	(1,945)	(29,033)
Increase in provisions	150	74
Difference between defined benefit pension charge and cash contributions	1,391	792
Net cash inflow/(outflow) from operating activities	<u>10,680</u>	<u>(14,897)</u>
Cash flow statement		
	2012	2011
	£ 000	£ 000
Net cash inflow/(outflow) from operating activities	<u>10,680</u>	<u>(14,897)</u>
Returns on investments and servicing of finance		
Interest received	237	307
Interest paid	(66)	(119)
Dividends received	-	53
	<u>171</u>	<u>241</u>
Taxation		
Taxation paid	<u>(1,090)</u>	<u>(2,120)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(2,963)	(1,768)
Sale of tangible fixed assets	563	111
Sale/(Purchase) of investments	8,287	(7,837)
	<u>5,887</u>	<u>(9,494)</u>
Net cash inflow/(outflow) before management of liquid resources and financing	15,648	(26,270)
Financing		
Repayment of loans and borrowings	(1,333)	(312)
Increase/(Decrease) in cash	<u>14,315</u>	<u>(26,582)</u>
Banking activities		
Money market deposits and securities	(126,001)	42,719
Customers' deposits	113,301	(35,850)
Advances and loans to banking customers	-	107
Net movement	<u>(12,700)</u>	<u>6,976</u>
Increase /(Decrease) in cash	<u>1,615</u>	<u>(19,606)</u>

The notes on pages 20 to 43 form an integral part of these financial statements

Consolidated Cash Flow Statement for the Year Ended 31 December 2012

Reconciliation of net cash flow to movement in net debt

		2012	Restated *
	Note	£ 000	£ 000
Increase/(Decrease) in cash		1,615	(19,606)
Cash outflows from repayment of loans		1,333	312
Change in net debt resulting from cash flows	22	2,948	(19,294)
Movement in net debt	22	2,948	(19,294)
Net funds at 1 January	22	12,532	31,826
Net funds at 31 December	22	15,480	12,532

Because of the nature and diversity of Crown Agents' core activities, which include banking activities such as deposit taking from customers, the strict presentation prescribed by Financial Reporting Standard 1 (revised 1996) would be misleading. Accordingly, the net cash flow in respect of certain banking activities, represented by customers' deposits and negotiable instruments, is shown above separately from the cash flow from other operating activities.

* The 2011 Group results have been restated as explained in note 12

The notes on pages 20 to 43 form an integral part of these financial statements

Notes to the Financial Statements for the Year Ended 31 December 2012

Accounting Policies

Basis of preparation

The financial statements have been prepared on the going concern basis under the historical cost convention, as modified by the revaluation of long leasehold properties with more than 50 years unexpired lease term and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Basis of consolidation

The consolidated financial statements deal with the assets, liabilities and results of the operations of The Crown Agents Foundation and its subsidiary undertakings using uniform Group accounting policies and eliminating intra-group transactions. The Group's share of the results of associated undertakings is included in the consolidated profit and loss account by use of equity accounting. Investment in associated undertakings is the Group's share of the net assets of those interests.

No profit and loss account is presented for the company as permitted by Section 408 of the Companies Act 2006. Its profit for the financial year was £nil (2011 - £nil).

Turnover

Turnover comprises commissions, fees earned and reimbursable expenditure from principals, sales of procured goods and services, interest receivable less interest payable and attributable profit on credit packages and fees earned from project services, all excluding VAT.

Turnover from long term contracts is recognised throughout the duration of the contract, to the extent that the outcome of the contract can be assessed with reasonable certainty and in accordance with the state of completion of contractual obligations. Income is accrued / deferred accordingly.

Agency fees are recognised either on shipment or 50% on order placement and 50% on shipment depending upon the contract. Consultancy fees are recognised as revenue based on days worked calculated at the appropriate contract rate. Financial services income, including that arising from advances, which comprise fees earned, reimbursable expenditure from clients and interest receivable less interest payable, is recognised on an accruals basis. Other income is recognised when assignments are completed.

Intangible fixed assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Goodwill is tested for impairment at least annually. Any impairment is recognised immediately in the income statement. Subsequent reversals of impairment losses for goodwill are not recognised.

Amortisation

Goodwill is amortised over 20 years on a straight line basis.

Tangible fixed assets

Tangible fixed assets, except for long leasehold property, are stated at 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 month following that in which they are brought into use.

Notes to the Financial Statements for the Year Ended 31 December 2012 (Cont'd)

Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

An impairment loss is recognised in the profit and loss account in the period in which it arises if it is considered a permanent diminution in value, otherwise it would be charged to the revaluation reserve.

Depreciation

Depreciation is calculated to write off the original cost or subsequent valuation of the assets in equal annual instalments over their estimated useful lives.

Long Leasehold land and buildings are subject to periodic revaluation, in accordance with the provisions of FRS 15, on the basis of open market value for existing use or 'current value to the businesses as appropriate'. Long leasehold land and buildings are included at valuation less accumulated depreciation.

Asset class	Depreciation
Long leasehold land and buildings	50 years
Fixtures, fitting and equipment	3-10 years
Computer equipment	3-5 years
Motor vehicles	4 years

Fixed asset investments

Investment in associated undertakings is the Group's share of the net assets of those interests. Investments in Group undertakings are stated at cost less any provision for impairment. Impairment reviews are performed by the Directors when there has been an indication of potential impairment.

Current asset investments

Current asset investments are included at the lower of cost and net realisable value.

Hire purchase and leasing

Where assets are financed by leasing arrangements that give rights approximating to ownership, the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding lease commitments are shown as obligations to the lessor. Lease payments are split between capital and interest elements using the annuity method. Depreciation on the relevant assets and interest are charged to the profit and loss account. All other leases are operating leases and the annual rentals are charged to operating profit on a straight line basis over the lease term.

Deferred tax

Full provision is made for deferred tax arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in tax computations, where future payment or receipt is more likely to occur, than not.

Deferred tax assets are regarded as recoverable and recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Notes to the Financial Statements for the Year Ended 31 December 2012 (Cont'd)

Deferred tax is measured at the average tax rates that are expected to apply in periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is provided on a non-discounted basis.

No deferred tax is provided on timing differences arising from the revaluation of fixed assets.

Financial instruments

Money market deposits and securities

These comprise money market instruments and money market loans maturing within one year of the balance sheet date and are stated as follows:

- Money market instruments – at cost
- Money market loans – at face value

Certificates of deposit

Certificates of deposit are purchased by Crown Agents Bank Limited for liquidity purposes and are generally held to maturity. As such they are stated at amortised cost.

Derivatives

Crown Agents Bank Limited's derivatives policy only permits dealing in forward foreign exchange contracts, currency options and deposit linked swaps to hedge or provide services to customers. Where forward foreign exchange contracts have been used to hedge foreign currency assets and liabilities these are accounted for in the spot position with the difference between spot and forward rates amortised over the life of the transaction. Where foreign forward exchange contracts were used to hedge future expected foreign currency income the gains and losses are not recognised in the profit and loss account until the maturity of the underlying transactions.

Foreign currency

Monetary assets and liabilities expressed in foreign currencies are translated into Sterling at the exchange rates ruling at the balance sheet date, or at the appropriate contracted exchange rate and currency gains or losses are included in operating profit.

The results of operations in foreign currencies are translated at the exchange rates ruling at the balance sheet date. Income and expenses in foreign currencies are recorded in Sterling at the rates ruling for the month of the transactions. Exchange differences on opening reserves are recognised through the Statement of Total Recognised Gains and Losses.

Pensions

For defined benefit schemes, the service cost of pension provision relating to the period, together with the cost of any benefits relating to past service, is charged to the profit and loss account. A charge equal to the increase in the present value of the scheme liabilities (because the benefits are closer to settlement) and a credit equivalent to the Group's long-term expected return on assets (based on the market value of the scheme assets at the start of the period) are included in the profit and loss account under "other finance income or costs".

Notes to the Financial Statements for the Year Ended 31 December 2012 (Cont'd)

The difference between the market value of the assets of the scheme at current bid price and the present value of accrued pension liabilities is shown as an asset or liability on the balance sheet net of deferred tax. Scheme liabilities are measured using the projected unit actuarial method and discounted at the current rate of return on a high quality corporate bond of equivalent term to the liability. Any difference between the expected return on assets and that actually achieved is recognised in the Statement of Total Recognised Gains and Losses along with differences which arise from experience or assumption changes.

Amounts charged in respect of defined contribution schemes are the contributions payable in the year.

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Notes to the Financial Statements for the Year Ended 31 December 2012 (Cont'd)
1. Turnover

Turnover has arisen by the following geographical locations

	2012	2011
	%	%
Africa	65	59
Asia and the Pacific	16	22
Caribbean, Atlantic and the Americas	1	3
Europe and the Middle East	18	16
	<u>100</u>	<u>100</u>

An analysis of turnover by class of business is given below

	2012	Re-stated *
	£ 000	2011
		£ 000
Professional services	90,393	99,242
Financial services	9,333	11,397
	<u>99,726</u>	<u>110,639</u>

2. Operating profit

Operating profit is stated after charging	2012	2011
	£ 000	£ 000
Auditors' remuneration - The audit of the company's annual accounts	15	15
Auditors' remuneration - The audit of the company's subsidiaries' annual accounts	414	328
Auditors' remuneration - non audit work	10	121
Depreciation of owned assets	1,290	1,108
Depreciation of assets held under finance lease and hire purchase contracts	-	13
Amortisation of goodwill	24	-
Operating lease charges - land and buildings	2,227	3,134
Operating lease charges - plant and machinery	82	80
(Profit)/loss on sale of tangible fixed assets	-	120
Foreign currency losses/(gains)	660	(652)
Due to staff under Corporate Performance Reward Scheme	2,128	3,379

* The 2011 Group results have been restated to eliminate £5 9m of intra-group trading. This has no effect on profit.

Notes to the Financial Statements for the Year Ended 31 December 2012 (Cont'd)

3. Other finance costs

	2012	2011
	£ 000	£ 000
Pension scheme (see note 21)		
Interest cost	11,283	12,712
Expected return on scheme assets	(10,298)	(12,075)
	<u>985</u>	<u>637</u>

4. Exceptional item

	2012	2011
	£ 000	£ 000
Profit on sale of investment	547	-
	<u>547</u>	<u>-</u>

Profit on sale of investment

Crown Agents Investment Management Ltd sold its 13.2% investment in MCB Investment Management Co Ltd

5. Particular of employees

The average number of persons employed by the Group (including directors) during the year, analysed by category was as follows

	2012	2011
	No	No.
UK staff	389	412
International staff	280	216
Contract staff	79	95
	<u>748</u>	<u>723</u>

	2012	2011
	£ 000	£ 000
Wages and salaries	36,732	36,163
Social security costs	2,633	2,578
Pension costs	3,626	2,732
	<u>42,991</u>	<u>41,473</u>

Notes to the Financial Statements for the Year Ended 31 December 2012 (Cont'd)

Directors' remuneration

The directors' remuneration for the year was as follows:

	2012 £ 000	2011 £ 000
Emoluments	856	1,009
Compensation for loss of office paid to past Directors	152	-
Amounts paid to money purchase schemes	52	38

During the year the number of directors who were receiving benefits was as follows:

	2012 No.	2011 No.
Accruing benefits under defined benefit pension scheme	2	2
Accruing benefits under money purchase pension scheme	3	2

In respect of the highest paid director

	2012 £ 000	2011 £ 000
Remuneration	193	163
Amounts paid to money purchase schemes	25	11

6. Taxation

	2012 £ 000	2011 £ 000
Current Tax		
Corporation Tax Charge	741	1,836
Adjustments in respect of prior years	336	(13)
UK Corporation tax	1,077	1,823
Foreign taxation	150	27
	1,227	1,850
Deferred Tax		
Origination and reversal of timing differences	5	(29)
Deferred tax adjustment relating to previous years	35	-
Pension cost relief less pension cost charge	(547)	(357)
Group deferred tax	(507)	(386)
Total tax on profit on ordinary activities	720	1,464

Notes to the Financial Statements for the Year Ended 31 December 2012 (Cont'd)

Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is higher than the standard rate of corporate tax in the UK of 24.5% (2011 – 26.5%)

The differences are reconciled below

	2012	2011
	£ 000	£ 000
Profit on ordinary activities before tax	1,581	5,224
Corporation tax at standard rate	387	1,344
Capital allowances less depreciation	4	15
Pension contribution relief less pension cost charge	582	379
Other timing differences	105	66
Expenses not deductible for tax purposes	(192)	93
Adjustment due to different tax rates	7	1
Adjustments in respect of prior periods	336	(13)
Adjustments due to (relieved)/unrelieved losses	(5)	(35)
Rate of tax payable by small companies	3	-
Total current tax	1,227	1,850

Notes to the Financial Statements for the Year Ended 31 December 2012 (Cont'd)

7. Intangible fixed assets

	Group	
Goodwill	2012	2011
	£ 000	£ 000
Cost or valuation		
At 1 January	-	-
Acquisition	1,156	-
At 31 December	1,156	-
Amortisation or impairment		
At 1 January	-	-
Amortisation charge for the year	24	-
At 31 December	24	-
Carrying value		
At 31 December 2012	1,132	-
At 31 December 2011	-	-

On 1 August 2012 Crown Agents USA Inc, a wholly owned subsidiary of the Group, purchased Weidemann Associates Inc for \$2.4m (which included \$0.9m of deferred payments dependent on the company achieving certain revenue levels and \$0.5m of contingent payments relating to the receipt of new orders). The adjusted fair value of the net assets on acquisition was \$0.5m, giving goodwill on acquisition in the consolidated financial statements of \$1.9m (£1.2m).

Goodwill is being amortised on a straight line basis over 20 years.

In accordance with UK GAAP, the consolidated financial statements note that these fair values are provisional. These fair values will be updated in the 2013 financial statements. Weidemann Associates Inc has been accounted for using the acquisition accounting method.

The operating assets and liabilities of Weidemann Associates Inc during the year were as follows:

	Book Value	Fair Value Adjustments	Fair Value
	£ 000	£ 000	£ 000
Fixed Assets	34	(3)	31
Debtors	688	-	688
Cash	46	-	46
Creditors	(385)	-	(385)
	383	(3)	380
Accrued purchase consideration			1,536
Goodwill			(1,156)
			380

Notes to the Financial Statements for the Year Ended 31 December 2012 (Cont'd)

8. Tangible fixed assets

Group

	Long leasehold land & buildings £'000	Motor vehicles, fixtures & fittings £'000	Computer equipment £'000	Total £'000
Cost or valuation				
At 1 January 2012	8,735	2,997	7,060	18,792
Exchange / Revaluation	-	(44)	(5)	(49)
Additions	-	1,003	1,960	2,963
Disposals/Reclassification	-	(249)	221	(28)
Property Revaluation in period	(4,310)	-	-	(4,310)
At 31 December 2012	<u>4,425</u>	<u>3,707</u>	<u>9,236</u>	<u>17,368</u>
Depreciation				
At 1 January 2012	-	1,676	5,486	7,162
Exchange loss/(gain) on Revaluation	-	(39)	(4)	(43)
Charge for the year	142	351	797	1,290
Eliminated on disposals/Reclassification	-	457	80	537
Property Revaluation	(136)	-	-	(136)
At 31 December 2012	<u>6</u>	<u>2,445</u>	<u>6,359</u>	<u>8,810</u>
Net Book Value				
At 31 December 2012	<u>4,419</u>	<u>1,262</u>	<u>2,877</u>	<u>8,558</u>
At 31 December 2011	<u>8,735</u>	<u>1,321</u>	<u>1,574</u>	<u>11,630</u>

Long leasehold land and buildings are at valuation

Computer System replacement

Included within Computer equipment is £1,178,269 relating to new computer systems (tangible assets) that are currently being implemented

Notes to the Financial Statements for the Year Ended 31 December 2012 (Cont'd)

Revaluations

The long leasehold interest in the company's head office, St Nicholas House, is held by Crown Agents Bank Limited. This interest was externally revalued as at 31 December 2012 in accordance with the RICS Appraisal and Valuation Standards (5th Edition), by qualified professional valuers working for the company of DTZ Debenham Tie Leung (DTZ), Chartered Surveyors, acting in the capacity of External Valuer.

DTZ provided a valuation on an open market existing use basis for the Group financial statements on the long leasehold interest as at 31 December 2012 of £4,150,000.

The Group's other long leasehold property, comprising office premises in Liverpool, was valued on 31 December 2011, in accordance with the RICS Appraisal and valuation Standards (5th Edition), by a qualified professional valuer working for Matthews & Goodman LLP. The directors have reviewed this valuation and the underlying assumptions and are of the opinion that there has been no material change in value since then.

The Directors have reviewed the net carrying value of these long leasehold interests as at 31 December 2012 and believe that this reflects an appropriate value for this asset class at that date.

No deferred tax is provided on timing differences arising from the revaluation of fixed assets.

Long leasehold property at historical costs

	2012	2011
	£ 000	£ 000
Cost at 1 January and 31 December	7,113	7,113
Accumulated depreciation	(1,487)	(1,344)
Net book value at 31 December	<u>5,626</u>	<u>5,769</u>

Notes to the Financial Statements for the Year Ended 31 December 2012 (Cont'd)
9. Investment held as fixed assets**Group**

	Interest in associated Undertakings	
	2012	2011
	£ 000	£ 000
Cost		
At 1 January and 31 December	<u>114</u>	<u>114</u>
Share of post acquisition profits		
At 1 January	352	252
Dividend received	-	(53)
Share of current year results	125	213
Share of taxation	<u>(39)</u>	<u>(60)</u>
At 31 December	<u>438</u>	<u>352</u>
Net book value		
At 31 December 2012	<u>552</u>	<u>466</u>
At 31 December 2011	<u>466</u>	<u>366</u>

The Group's share of interests in joint ventures is:

	2012	2011
	£ 000	£ 000
Gross Profit	<u>109</u>	<u>115</u>
Profit before tax	13	32
Taxation	<u>(6)</u>	<u>(7)</u>
Profit after tax	<u>7</u>	<u>25</u>
Fixed assets	<u>-</u>	<u>1</u>
Current assets	<u>158</u>	<u>112</u>
Liabilities due within one year	<u>91</u>	<u>35</u>

Notes to the Financial Statements for the Year Ended 31 December 2012 (Cont'd)

Subsidiary and associated undertakings at 31 December 2012

	Main business	Country of registration or incorporation	% of nominal value of shares held
The Crown Agents for Oversea Governments and Administrations Limited	Procurement & Consultancy	England	100
Crown Agents Bank Ltd	Banking	England	100
Crown Agents Investment Management Ltd	Investment management	England	100
Crown Agents USA Inc	Procurement & consultancy	USA	100
Weidemann Associates Inc	Procurement & consultancy	USA	100
Crown Agents Services Ltd	Supplies services	England	100
Crown Agents International Ltd	Procurement & consultancy	England	100
Greenshields Cowie & Co Ltd	Cargo movement	England	100
Greenshields Cowie USA Inc	Cargo movement	USA	100
Crown Agents Kenya Ltd	Procurement & consultancy	Kenya	100
Crown Agents Uganda Ltd	Procurement & consultancy	Uganda	100
Crown Agents Services Tanzania Ltd	Procurement & consultancy	Tanzania	100
Crown Agents Zimbabwe Ltd	Procurement & consultancy	Zimbabwe	70
Crown Agents Mozambique Ltd	Procurement & consultancy	Mozambique	100
Crown Agents Nigeria Ltd	Procurement & consultancy	Nigeria	99
Crown Agents Ghana Ltd	Procurement & consultancy	Ghana	100
Crown Agents (India) Pvt Ltd	Procurement & consultancy	India	100
PTG Statesman Travel Ltd	Travel services	England	50
ES-KO (UK) Ltd	Catering contracts	England	25
Greenshields Project Cargo SRL	Cargo movement	Italy	25

The Foundation only holds shares directly in The Crown Agents for Oversea Governments and Administration Limited. The proportion of voting rights in the above subsidiaries is the same as the proportion of nominal value of shares held. All shareholdings are held in ordinary shares. All subsidiaries are consolidated.

10. Current asset investments

	Group		Company	
	2012	2011	2012	2011
	£ 000	£ 000	£ 000	£ 000
Listed investments	-	7,712	-	-
Unlisted shares	-	14	-	-
	<u>-</u>	<u>7,726</u>	<u>-</u>	<u>-</u>

During 2011 the Group purchased a short term fixed rate bond and a Certificate of Deposit. These expired in 2012. Crown Agents Investment Management Limited sold its minority shareholding in The Mauritius Commercial Bank Investment Management Company Limited during 2012. The profit on sale is shown as an exceptional item in the Group's profit and loss account.

11. Debtors

	Group		Company	
	2012	2011	2012	2011
	£ 000	£ 000	£ 000	£ 000
Trade Debtors	15,318	8,550	-	-
Amounts owed by Group undertakings	-	-	-	-
Other debtors	4,752	13,841	-	-
Deferred tax	958	963	-	-
Prepayments and accrued income	9,895	15,356	-	-
	<u>30,923</u>	<u>38,710</u>	<u>-</u>	<u>-</u>

Debtors include amounts receivable after more than one year which can be analysed as follows

	Group		Company	
	2012	2011	2012	2011
	£ 000	£ 000	£ 000	£ 000
Deferred tax	<u>958</u>	<u>963</u>	<u>-</u>	<u>-</u>

	2012	2011
	£ 000	£ 000
Deferred tax asset		
Accelerated capital allowances	279	345
Other timing differences	679	618
Total deferred tax asset	<u>958</u>	<u>963</u>
At 1 January	963	934
Deferred tax charge in profit and loss account	(5)	29
At 31 December	<u>958</u>	<u>963</u>
Pension Scheme Deferred tax asset		
At 1 January	6,524	2,684
Deferred tax credit/(charge) in profit and loss account	547	357
Deferred tax credited/(charged) to the statement of total recognised gains and losses		
- on actuarial loss	396	8,851
- change in tax rate	(522)	(5,368)
At 31 December	<u>6,945</u>	<u>6,524</u>

Notes to the Financial Statements for the Year Ended 31 December 2012 (Cont'd)

12. Money Market Deposits and Securities

Deposits and securities are held in Crown Agents Bank Limited and include amounts relating to deposits held on behalf of customers

		Restated *
	2012	2011
	£ 000	£ 000
Cash and balances at Central Banks	486,171	90,262
Loans and advances - on demand	37,741	99,989
Loans and advances - overnight	-	16,614
Money market loans up to 3 months	5,700	195,116
Money market loans 3 - 12 months	93,826	46,295
Debt Securities	189,333	238,494
	<u>812,771</u>	<u>686,770</u>

* The 2011 Group results have been restated to show Crown Agents Bank's overnight money market deposits and deposits with central banks as Money Market Deposits rather than Cash at Bank and in hand as this represents the Group's cash position more accurately (the balances are shown as "Cash and balances at central banks" in Crown Agents Bank's own accounts)

13. Cash at Bank and in hand

Cash at bank and in hand includes cash in hand and deposits, including those denominated in foreign currencies, repayable on demand or within 24 hours, and also any overdrafts repayable on demand. The amount in respect of the Group includes balances held by Crown Agents Bank Limited in the course of its normal banking activities

14. Creditors: Amounts falling due within one year

	Group		Company	
	2012	2011	2012	2011
	£ 000	£ 000	£ 000	£ 000
Trade creditors	9,854	4,426	-	-
Amounts owed to Group undertakings	-	-	-	-
Other creditors	17,528	8,257	-	-
Other taxes and social security	1,162	2,082	-	-
Accruals and deferred income	17,137	31,975	-	-
	<u>45,681</u>	<u>46,740</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements for the Year Ended 31 December 2012 (Cont'd)
15. Customers' Deposits

The deposits which are held in Crown Agents Bank Limited arise principally from payments received on account of purchases or disbursements to be made on behalf of customers

	2012	2011
	£ 000	£ 000
Repayable on demand	228,204	331,200
Repayable up to 3 months	355,314	279,386
Repayable in 3 - 12 months	192,048	51,679
	<u>775,566</u>	<u>662,265</u>

16. Creditors: Amounts falling due after more than one year

	Group		Company	
	2012	2011	2012	2011
	£ 000	£ 000	£ 000	£ 000
Other loans	<u>-</u>	<u>1,005</u>	<u>-</u>	<u>-</u>

17. Provisions

Group	2012	2011
	£ 000	£ 000
At 1 January	1,620	1,546
Charged to the profit and loss account	150	74
At 31 December	<u>1,770</u>	<u>1,620</u>

The provision for dilapidation relates to a lease expiring in 2064

18. Share capital

The company is limited by guarantee. Each member has undertaken to contribute to the assets of the company, in the event of it being wound up while he is a member, or within one year after he ceases to be a member, an amount not exceeding £1

Notes to the Financial Statements for the Year Ended 31 December 2012 (Cont'd)
19. Reserves**Group**

	Revaluation reserve	Capital reserve	Profit and loss account	Total
	£ 000	£ 000	£ 000	£ 000
At 1 January 2012	3,152	6,020	16,792	25,964
Profit for the year	-	-	849	849
Deficit on property revaluation	(4,100)	-	-	(4,100)
Foreign currency translation losses	-	-	272	272
Actuarial loss on pension schemes	-	-	(1,724)	(1,724)
Deferred tax relating to actuarial gain/loss on pension schemes	-	-	(126)	(126)
Other reserves movements	(74)	-	74	-
At 31 December 2012	<u>(1,022)</u>	<u>6,020</u>	<u>16,137</u>	<u>21,135</u>

Company

	2012	2011
	Other reserves	Total
	£ 000	£ 000
At 1 January and 31 December	<u>2,000</u>	<u>2,000</u>

20. Reconciliation of movement in shareholders' funds**Group**

	2012	2011
	£ 000	£ 000
Profit attributable to the members of the Group	849	3,760
Other recognised gains and losses relating to the year	<u>(5,678)</u>	<u>(10,874)</u>
Net reduction to shareholders' funds	(4,829)	(7,114)
Shareholders' funds at 1 January	<u>27,964</u>	<u>35,078</u>
Shareholders' funds at 31 December	<u>23,135</u>	<u>27,964</u>

Notes to the Financial Statements for the Year Ended 31 December 2012 (Cont'd)

21. Pension schemes

In the UK, the Group operates the Crown Agents Superannuation Scheme ("CASS") comprising two funds, namely CASS I and CASS II. CASS is a defined benefit scheme with assets held in separate trustee administered funds managed by Crown Agents Investment Management Limited ("CAIML"). The benefits of the employees within CASS I have been substantially secured by the purchase of a single premium annuity from AXA Sun Life Services plc (formerly Sun Life Assurance Society plc). CASS I was closed to new members in 1979. CASS II was closed to new members in 2006.

The most recent triennial valuation of the scheme was carried out at 31 March 2011. At that date, using the method and assumptions agreed by the Trustees, the scheme (combined CASS I and CASS II sections) had assets sufficient to cover 111% of its liabilities at that date, corresponding to a surplus of £23 million.

£971,931 (2011: £2,012,000) was paid by the employer by way of contributions during the year including £302,843 (2011: £370,000) in payment of expenses. Contributions payable to the pension scheme at the end of the year are £nil (2011: £nil).

UK staff joining on or after 1 April 2006 are eligible to join the Crown Agents Group Stakeholder Pension Scheme, which is a defined contribution scheme. £879,857 (2011: £511,000) was paid by the employer by way of contributions during the year.

Retirement benefits for international staff are provided, in accordance with local requirements, by either service-based lump sums or locally administered defined contribution schemes.

Notes to the Financial Statements for the Year Ended 31 December 2012 (Cont'd)

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are as follows -

	2012	2011
	£ 000	£ 000
Fair value of scheme assets	225,099	217,900
Present value of scheme liabilities	(255,296)	(243,997)
	(30,197)	(26,097)
Deferred tax asset	6,945	6,524
Net liability in the balance sheet	(23,252)	(19,573)

Scheme assets

Changes in the fair value of the plan assets are as follows -

	2012	2011
	£ 000	£ 000
Fair value at start of year	217,900	224,656
Expected return on assets	10,298	12,075
Actuarial gains and losses	6,244	(9,936)
Employer contributions	972	1,642
Contributions by scheme participants	27	33
Benefits paid	(10,342)	(10,570)
Fair value at end of year	225,099	217,900

Analysis of assets

The major categories of plan assets as a percentage of total scheme assets are as follows:-

	2012	2011
	%	%
Equity instruments	40.56	38.80
Debt instruments	21.86	26.60
Property	4.80	4.20
Cash	7.40	3.30
Other assets	25.38	27.10

Actual return on scheme's assets

	2012	2011
	£ 000	£ 000
Actual return on scheme assets	16,542	2,139

The overall expected return on assets assumption is derived as the weighted average of the expected returns from each of the main asset classes

Notes to the Financial Statements for the Year Ended 31 December 2012 (Cont'd)
Scheme liabilities

Changes in the present value of the defined benefit obligation are as follows -

	2012	2011
	£ 000	£ 000
Present value at start of year	243,997	234,598
Current service cost	2,363	2,434
Actuarial gains and losses	7,968	4,790
Interest cost	11,283	12,712
Benefits paid	(10,342)	(10,570)
Contributions by scheme participants	27	33
Present value at end of year	<u>255,296</u>	<u>243,997</u>

Principal actuarial assumptions

The principal actuarial assumptions at the balance sheet date are as follows -

	2012	2011
	%	%
Discount rate	4.25	4.70
Future salary increases	3.40	3.50
Future pension increases	2.90	3.00
Inflation	2.90	3.00
Expected return on scheme assets - CASS I	3.90	4.30
Expected return on scheme assets - CASS II	<u>4.90</u>	<u>5.10</u>

Post retirement mortality assumptions

	2012	2011
	Years	Years
Current pensioners at retirement age - male	22.70	23.10
Current pensioners at retirement age - female	25.00	25.50
Future pensioners at retirement age - male	24.90	26.30
Future pensioners at retirement age - female	<u>27.40</u>	<u>28.80</u>

Notes to the Financial Statements for the Year Ended 31 December 2012 (Cont'd)**Amounts recognised in the profit & loss account**

	2012 £ 000	2011 £ 000
Amounts recognised in operating profit		
Current service cost	2,363	2,434
Recognised in arriving at operating profit	<u>2,363</u>	<u>2,434</u>
Amounts recognised in other finance cost		
Interest cost	11,283	12,712
Expected return on scheme assets	(10,298)	(12,075)
Recognised in other finance cost	<u>985</u>	<u>637</u>
Total recognised in the profit and loss account	<u>3,348</u>	<u>3,071</u>

Amounts recognised in the statement of total recognised gains and losses

	2012 £ 000	2011 £ 000
Actual return less expected return on scheme assets	6,244	(9,936)
Changes in assumptions	(7,558)	(8,885)
Other actuarial gains (losses)	<u>(410)</u>	<u>4,095</u>
Actuarial gains and losses recognised in the Statement of		
Total Recognised Gains and Losses	<u>(1,724)</u>	<u>(14,726)</u>

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and (losses) since 1 January 2002 is (£32,433) (2011 - (£30,709))

History of experience adjustments on scheme assets and liabilities

Amounts for the current and previous 4 periods are as follows

	2012 £ 000	2011 £ 000	2010 £ 000	2009 £ 000	2008 £ 000
Fair value of scheme assets	225,099	217,900	224,656	209,539	188,536
Present value of scheme liabilities	<u>(255,296)</u>	<u>(243,997)</u>	<u>(234,598)</u>	<u>(220,077)</u>	<u>(173,962)</u>
(Deficit)/surplus in scheme	<u>(30,197)</u>	<u>(26,097)</u>	<u>(9,942)</u>	<u>(10,538)</u>	<u>14,574</u>

Experience adjustments

	2012 £ 000	2011 £ 000	2010 £ 000	2009 £ 000	2008 £ 000
Experience adjustments arising on scheme assets	<u>6,244</u>	<u>(9,936)</u>	<u>11,049</u>	<u>18,577</u>	<u>(29,105)</u>
Experience adjustments arising on scheme liabilities	<u>(410)</u>	<u>4,905</u>	<u>1,720</u>	<u>1,241</u>	<u>11,618</u>

Notes to the Financial Statements for the Year Ended 31 December 2012 (Cont'd)

22. Analysis of net debt

	Restated *		
	At 1 January 2012 £ 000	Cash flow £ 000	At 31 December 2012 £ 000
Cash at bank and in hand	13,865	1,615	15,480
Debt due within one year	(328)	328	-
Debt due after more than one year	<u>(1,005)</u>	<u>1,005</u>	<u>-</u>
Net funds	<u>12,532</u>	<u>2,948</u>	<u>15,480</u>

* The 2011 Group results have been restated as explained in note 12

23. Contingent liabilities

Advance payment guarantees and performance bonds The amount guaranteed is £14,895,688 (2011 - £8,291,935)

24. Commitments

Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £402,668 (2011 - £132,415) Capital expenditure authorised, but not contracted, at 31 December 2012 was £217,488 (2011 - £1,596,433)

Operating lease commitments (annual)

Group

	2012 £ 000	2011 £ 000
Land and buildings		
Within one year	298	39
Within two and five years	126	321
Over five years	<u>612</u>	<u>611</u>
	<u>1,036</u>	<u>971</u>
Other		
Within two and five years	<u>82</u>	<u>80</u>

Notes to the Financial Statements for the Year Ended 31 December 2012 (Cont'd)

25. Related party transactions

The Group has an interest in the following subsidiary and associated undertakings. Transactions occur with these undertakings in the normal course of business. The more significant transactions are disclosed below.

	% of nominal value of shares held	Sales to related party £ 000	Purchases from related party £ 000	Amounts owed by related party £ 000	Amounts owed to related party £ 000
Crown Agents Nigeria Ltd	99	-	886	622	16
Crown Agents Zimbabwe Ltd	70	1	1,274	37	-
PTG Statesman Travel Ltd	50	28	148	1	-
ES-KO (UK) Ltd	25	151	-	3	-
Greenshields Project Cargo SRL	25	5	7	-	-

26. Objectives and Policies

Financial risk management

Crown Agents' operations expose it to a variety of financial risks, some specifically relating to the operation of its banking subsidiary. Crown Agents has in place a risk management framework, overseen by the Audit and Risk Committee, which seeks to limit any adverse effects on financial performance.

Crown Agents Bank Limited ("the Bank"), which is authorised and regulated by the Financial Services Authority, delegates the responsibility for the management of its exposure to liquidity, interest rate and currency risk to the Bank's Asset and Liability Committee, and that relating to credit risk to its Credit Committee. Responsibility for the monitoring and reporting of all other risks is delegated to Risk Management, which reports to the Bank's Director, Finance & Compliance. Risk Management also has an oversight role in the development of policies and procedures, evaluating risk levels and reporting to the Board on risk issues.

Price Risk, credit risk, liquidity risk and cash flow risk

(i) Liquidity Risk:

The Bank's policy is to have sufficient liquid assets to meet all its obligations falling due within each maturity band. The policy has been agreed with the FSA. The Bank maintains high quality liquid and marketable assets to meet this requirement. The position is monitored daily and monthly reports are made to the FSA. A substantial proportion of customer accounts are current accounts that, although repayable on demand, have historically formed a stable deposit base.

Crown Agents maintains a level of unencumbered cash balances and short term credit facilities which ensure that it has sufficient available funds for operations and expansion.

Notes to the Financial Statements for the Year Ended 31 December 2012 (Cont'd)

(ii) Credit Risk:

Credit risk arises from extending credit in all forms where there is a possibility that customers or counterparties may default on their obligations

In the Bank this risk is managed by the Credit Committee which approves all counterparty limits. The exposures are monitored daily against the limits set.

For the rest of Crown Agents, credit exposures are reviewed on a monthly basis by the Chief Financial Officer who reports any material concerns to the Crown Agents Executive Committee and the Board.

(iii) Interest Rate Risk:

Interest rate risk arises in the Bank's balance sheet as a result of fixed rate, variable rate and non-interest bearing assets and liabilities. Exposure to interest rate movements arises when there is a mismatch between interest rate sensitive assets and liabilities. This risk is managed by limiting the mismatch allowed in predetermined time bands.

(iv) Currency Risk:

In the Bank, currency risk arises from transactional positions and comprises the monetary assets and monetary liabilities of the bank denominated in non-sterling currencies. These risks are managed by adherence to limits for intra-day and overnight positions.

Currency risk on transactional currency exposures which arise from income in currencies other than sterling, Crown Agents' operating currency, is mitigated by hedging, where appropriate. Such hedging is undertaken using forward foreign exchange deals and/or options to cover the anticipated net cash inflows.

27. Ultimate Parent Undertaking and Controlling Party

The Crown Agents Foundation is the Ultimate Parent of the group. There is no controlling party.