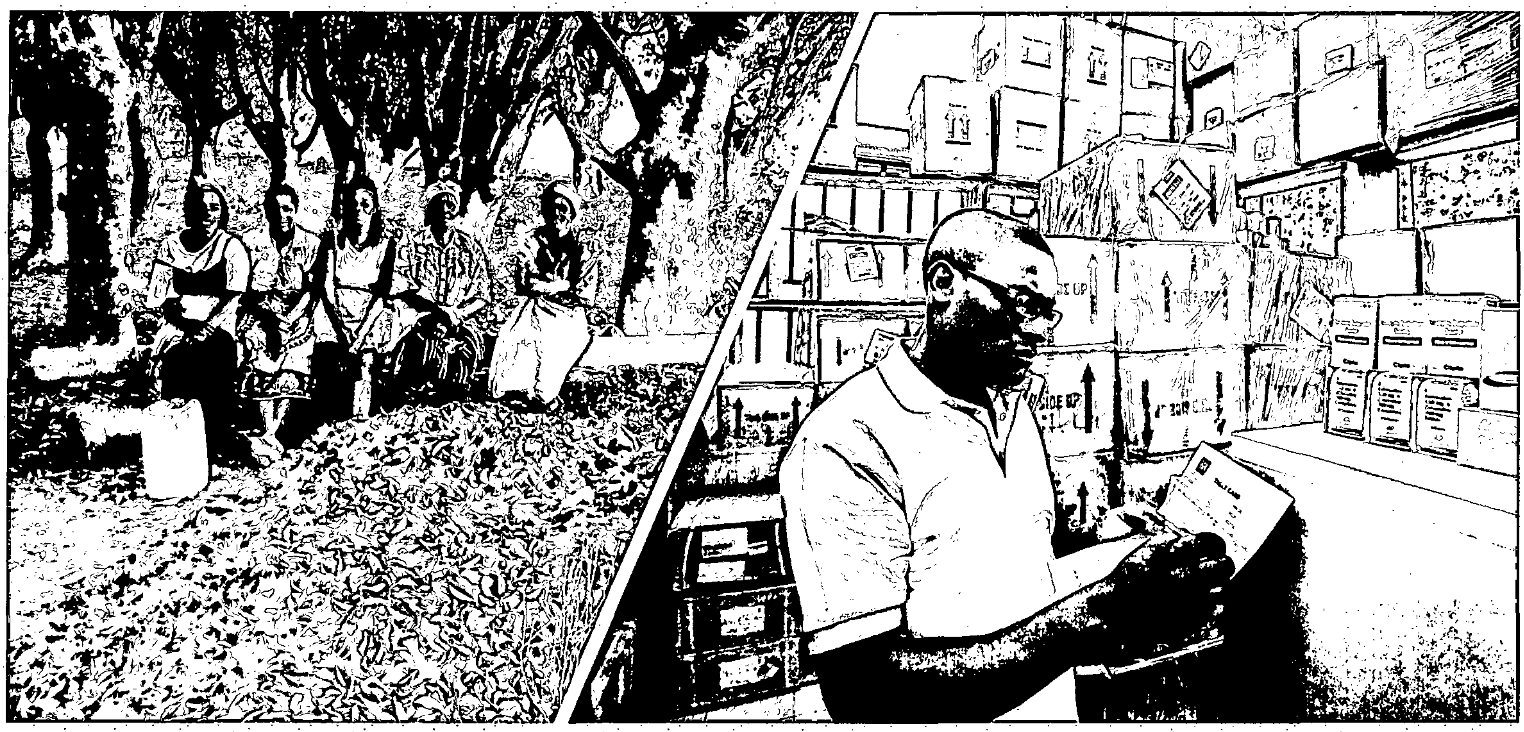
CROWN AGENTS

The Crown Agents Foundation

Annual Report and Financial Statements for the year ended 31 December 2013

Company Registration Number: 03251167



Working side by side with governments and communities across the world, we help countries to perform

ABOUT US

Crown Agents is an international development company that partners with governments, donors, non-governmental organisations (NGOs) and the private sector to make lasting change to the systems and organisations that are vital for people's well-being and prosperity.

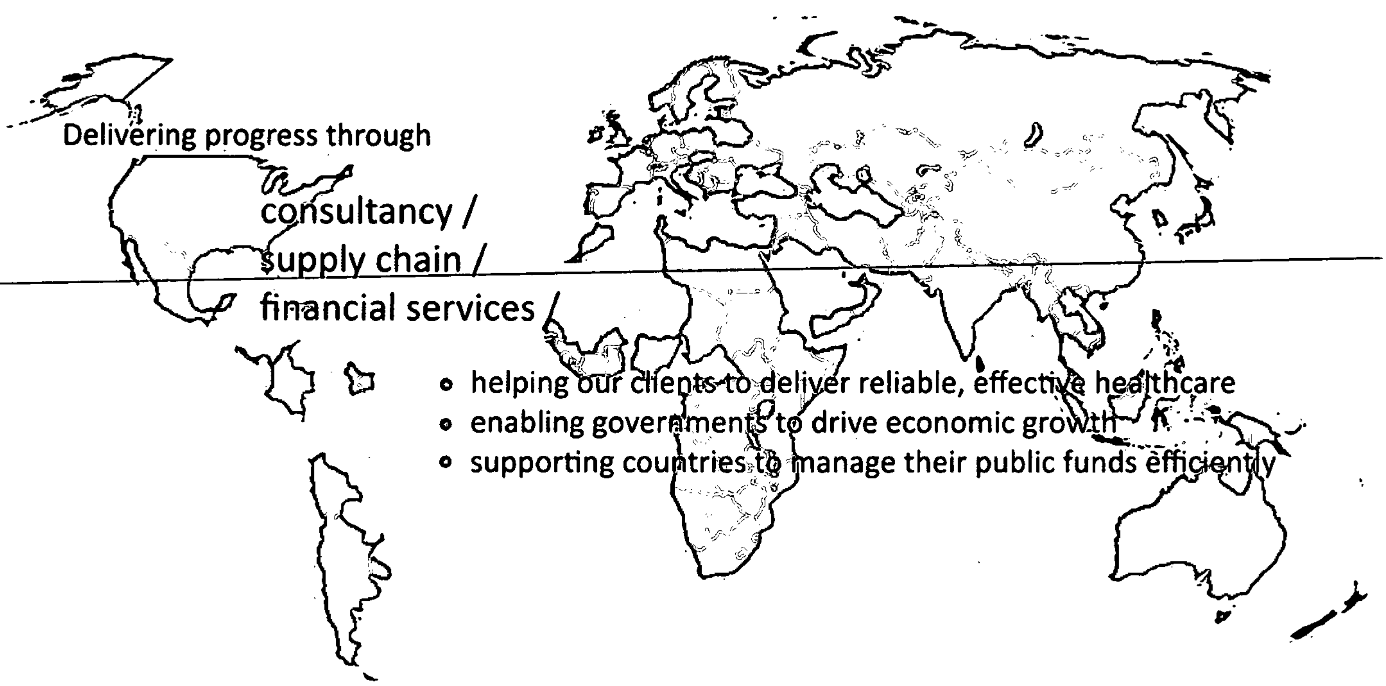
Combining our expertise in consultancy, supply chain management and financial services, we help countries grow their economies, strengthen their health systems and improve financial management. Our relationships with client countries often span many decades giving us unique insight and practical experience of the local context in which we work. We are stakeholders in their development and performance.

Our agility and resourcefulness enable us to overcome the most complex challenges. We focus on sustainability and driving improvements in the use of development funds by ensuring that capacity building and monitoring and evaluation are integral elements of the work that we do.

OUR HISTORY AND STATUS

Crown Agents is a limited company owned by The Crown Agents Foundation, a non-profit making body which ensures that Crown Agents remains committed to international development.

Crown Agents was founded in 1833 and operated as a British statutory corporation for many years before being privatised in 1997.



DEEP EXPERIENCE / LOCAL SOLUTIONS

We have permanent staff working on the ground in 22 offices in Africa and Asia, as well as in the UK, US and Japan. Our people work in over 100 countries in any given year. This geographic presence ensures that we are able to provide the best possible service to our clients wherever they are located.

We employ or engage over 1,300 people of more than 50 nationalities with diverse, deep and practical expertise.

Grant management Governance & accountability Trade facilitation Customs & tax reform Trade services Treasury and foreign exchange Private sector development Government reserves and pension funds Food security Financial services Procurement consultancy Strategic sourcing Economic growth PPP Investment management Revenue agency modernisation Financial sector development IT consultancy and solutions Capacity building Procurement Training & professional development Payments and cash management Health systems strengthening Public financial management Debt & cash management Public expenditure management Supply chain services Last-mile logistics Monitoring & evaluation

CONTENTS

CROWN AGENTS

Company Information for the Year Ended 31 December 2013

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 (resigned 8 April 2014)
Sir Paul Judge
Dr Mohan Kaul
Chris Masters CBE * 1 3
Caroline Nursey
Mary Reilly * 2 3
Keith G White CBE

* Denotes also a member of the Board of Crown Agents 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	Maxine Drabble (appointed 2 September 2013)
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors The Portland Building 25 High Street, Crawley, West Sussex RH10 1BG, United Kingdom
Registered Office	St Nicholas House St Nicholas Road Sutton Surrey SM1 1EL

Registered Number: 03251167

Company Information for the Year Ended 31 December 2013 (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
Ms Liz Ditchburn - The Secretary of State for International Development

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.

Strategic Report for the year ended 31 December 2013

Business Review

Crown Agents group delivered a disappointing financial result in 2013 after several years of profitability. Strong management action is being taken to restore the Group to profit. The completion of key large contracts coincided with a temporary drop in our win rate on bids for new business and delays in commencement of some of the new work won, for reasons outside our control; together these resulted in a sharp drop in turnover in 2013 from £99.7m to £80.1m. The consultancy business particularly suffered and the supply chain business also underperformed. The financial services businesses (banking and investment management) performed well in a difficult environment. Measures were initiated to reduce costs but these took time to affect the bottom line. The Board supported management's continued commitment to invest in new financial and business systems to equip the business for the future, achieve essential improvements to customer service, enhance management information and provide for further efficiency savings; we also continued to invest modestly in new markets to enable future growth. The combined impact of reduced revenues and higher investment costs, compounded by several non-cash charges (including a goodwill write off of £1.1m and provisions £1m), resulted in a post-tax loss of £9.5m. The cash outflow from operating activities was £1.2m.

As a result of actions taken, the cost base has been reduced and a review of strategy is providing increased focus on the best opportunities. We have taken steps to strengthen sales and streamline administration processes. These measures are already showing benefits; and the results for the first quarter of 2014 are demonstrating improvements across a number of businesses.

While the disappointing financial result in 2013 reflected a combination of circumstances across a number of the business areas, most significantly being the completion of the large and long-running Angola Customs reform project and the delay in contract awards, several other areas of the business continued to perform profitably and well. Training and Professional Development provided courses in the UK and many countries overseas to clients in several different disciplines, notably a major training programme for "Women in Management" for a major African Central Bank; our Government and Public Expenditure Management Practice achieved excellent levels of revenue and profitability; the shipping and freight forwarding business (Greenshields Cowie) continued to grow strongly on the back of its commitment to "final mile delivery", however demanding the circumstances; and our work in humanitarian and stabilisation activity performed well, culminating in our successful participation in the relief of those suffering after Typhoon Haiyan and to support refugees in countries bordering Syria.

In addition, both the supply chain business and Crown Agents Bank ended the year strongly. The supply chain business undertook major new assignments in health systems strengthening, a major shipment of emergency bridges to Pakistan and carried a strong business pipeline into 2014. Crown Agents Bank made significant progress in creating a network of correspondent banking relationships in selected African markets, to extend our international payments and trade finance work and, in consultancy, the year ended with the award of a major new contract in Albania. Most importantly, we continued to receive positive feedback from our clients and our staff remain strongly committed to the valuable work they do.

Strategic Report for the year ended 31 December 2013 Cont'd

We continued to monitor and manage our risks. In the past year we strengthened our compliance function and monitoring systems and introduced new skills into internal audit and the audit and risk committee. After very careful examination of the options and an extended consultation process, we also announced the decision to close our defined benefit pension scheme to future accruals. Understandably this decision was a disappointment to members but it was an essential step in reducing our underlying pension liability risk.

Looking forward to 2014

The markets we serve are highly competitive but continue to offer abundant opportunity. Our business activity continues to focus on supply chain services, consulting and financial services. While this broad range of businesses offers important potential synergies it does involve different business models which need careful management and during the year we have taken steps to sharpen our performance measurement, set key performance indicators for each business and tighten the focus on the specific market segments which each business serves. Our supply-chain work has a major focus on health commodities and equipment; within this it ranges from anti-retroviral drugs and nutrition supplements to laboratory equipment and specialist vehicles. Our consulting work focuses on public sector capacity development with a major focus on improving financial management in central and regional government departments, debt management, customs and tax revenue reform and bringing together the public and private sector through Public Private Partnerships. In financial services, we provide international payments and cash management services to other banks, financial institutions and selected non-governmental organisations (NGOs) as well as trade finance and investment management to a range of organisations and governments.

Investments in new systems, constant service innovation and carefully selective investment in new markets are key to our long term sustainability. However our immediate priority has been and continues to be to redouble our business winning efforts and streamline our cost structure and key operational processes to ensure that our operations return to profitability quickly. The Board is confident that the strategic direction of the Group offers ample opportunity and the management measures being pursued will return the business to sustainable profitability over the coming year. We are acutely aware of the pressure on our staff at a time when our reward policy is hampered by poor financial results; this too is a powerful incentive to improve performance so that all can benefit from better results.

Strategic Report for the year ended 31 December 2013 Cont'd

2014 has started with some positive signals. Costs are being reduced and tightly controlled, and each of the three main businesses has made progress. We started the year with over half of the sales pipeline contracted , and at the end of March, 53% of the budgeted gross profit was already delivered or contracted, and 29% was under active pursuit with only 18% still to be identified. The supply chain business in particular has already had success in finding new customers, with organisations in fragile states and health improvement in Africa being principal sources. Financial Services has significantly increased its net interest income and is winning an increasing amount of forex and trade finance business, principally with NGOs and African banks. Opportunities to grow trade finance and short and medium term credit look promising, with a number of specific opportunities now being explored in depth and in consultancy work has started on two major new projects in Albania and Mozambique.

While the operating environment continues to be challenging, as donors and recipients alike look for ever-improved value for money and better outcomes, we are confident that we have the expertise and the reach to restore growth to our business, deliver outstanding service, and return the company to a sustainable level of profitability.

We have strategies for growth in all three business areas: Financial Services is expanding its forex, trade finance and supplier credit activities. Consultancy is focusing on health, trade, and public finance. The supply chain business is building a number of new client relationships, leveraging its strengths in delivering in demanding geographies, and investing in improving its services to existing clients. We have a clear geographic focus with sub-Saharan Africa at its core but also embracing other selective markets undergoing profound transition. We continue to serve development agencies, national and regional governments as our primary clients but are building our relationships with NGOs and selected private sector clients engaged in promoting economic growth and trade. We are committed to delivering change and promoting the well-being of the countries we serve.

We remain totally committed to delivering change and promoting the well-being of the countries we serve and we look to the future with added confidence.

Review of financial performance

The review of the business is set out in business review on page 4. The group loss for the financial year after taxation of £9.5m (2012: profit £0.9m).

The group's key financial performance indicators during the year were as follows:-

	2013	2012
	£ 000	£ 000
Group Turnover	80,084	99,726
Group Gross Profit	27,603	40,758
Group (Loss)/Profit on ordinary activities before taxation	(9,559)	1,581
Group (Loss)/Profit for the financial year	(9,510)	861
Days Sales Outstanding	68	47

Strategic Report for the year ended 31 December 2013 Cont'd

Review of financial performance Cont'd

Trade Debtors and accrued income were exceptionally high (£26.4m) at the year-end due to a spike in trading in December and have now reduced back to more normal levels (£18.9m in March 2014).

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 in more than 100 countries around the world with its main activities focussed on developing countries. While benefiting from the opportunities and growth potential in these countries the group is exposed to the economic, political and business risks associated with such international operations. Political risk 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. The Board and management monitor such risks and has business procedures in place 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.

(iii) Commercial risks
Crown Agents is reliant on constantly winning new contracts to replace those that are coming to an end. This is seen as a key risk for Crown Agents and one which has received increased attention in 2014. Crown Agents mitigates this risk by investing heavily in business winning teams in each of its key businesses and reviewing its pipeline of opportunities and contracted work on a monthly basis to ensure it is on target.

(iv) Competitor risk
The group operates in highly competitive markets. Significant product innovations, technical advances or the intensification of price competition could all adversely affect the group's results. The group continually works to streamline its cost base and business processes to ensure it remains competitive.

(v) Legal, Compliance and Contractual Risks
The focus of the group's 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 has implemented a Global Ethical and Compliance System, together with its established Operations and Group Finance controls and procedures.

Strategic Report for the year ended 31 December 2013 Cont'd

(i) Legal, Compliance and Contractual Risks Contd.

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 legislation, 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, using a variety of contracting structures including joint ventures and consortia. It also provides a range of guarantees 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. The Board regularly receives and reviews reports on risk management and compliance.

(ii) 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. The Bank and CAIM Boards regularly receive and review reports on risk management and compliance.

(iii) Pensions

As at 31 March 2011, the date of the most recent triennial actuarial valuation, Crown Agents' defined benefit pension fund was still 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. The next valuation as at 31 March 2014 is currently underway.

The company decided to close the defined benefit pension fund to future accruals from 30 April 2015. All members will be moved to a group personal pension plan at that time.

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. On this measure, the pension fund has a substantial funding deficit as at 31 December 2013. 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.

Strategic Report for the year ended 31 December 2013 Cont'd

Environmental issues

Crown Agents complies with Crown Agents Group environmental policies which 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.

CROWN AGENTS

Corporate Governance for the Year Ended 31 December 2013

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 11 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 to assist it in identifying suitable candidates 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 Senior Independent Director, review the performance and potential individual succession issues of non-executives. The Committee meets at least once a year in the absence of the Chairman led by the Senior Independent Director 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.

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 Ms Reilly and Mr 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.

Corporate Governance for the Year Ended 31 December 2013 (Cont'd)

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 Chief Executive. 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 (2012: 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 comprises three independent Non-Executive Directors of the Company and a Non-Executive Director of Crown Agents Bank. The Committee meets on at least four occasions each year. The Audit and Risk Committee members are also the members of the Audit and Risk Committee of The Crown Agents Foundation. The Committee also serves as Audit and Risk Committee of Crown Agents Bank and Crown Agents Investment Management Limited. The Committee met on four occasions during the year (2012: 4) and the meetings were attended by the external auditors, the Chief Executive, the Chief Financial Officer and Group Internal Auditor. The Committee also met privately with the auditors without the Executive Directors present.

The Committee assists the Board in implementing the group's risk and control culture. The Committee agreed the annual audit programme and reviewed reports of internal and external auditors and the group's annual financial statements before submission to the Board 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 Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 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 and group 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.

Statement of disclosure of information to auditors

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.

Report of the Council for the Year Ended 31 December 2013

The Council presents its annual report and the audited financial statements of the company and its subsidiaries ("the group") for the year ended 31 December 2013.

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 (now Crown Agents 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.

Council members

The Members of the Council of the Foundation are listed on pages 2 and 3.

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 the Crown Agents group 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.

Branches in the EU

The group has a branch in Bulgaria.

Employee involvement

(i) Employee Involvement

The group seeks to actively engage with all its employees across all offices. 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. The Chief Executive Officer gives quarterly staff briefing meetings which are also recorded and available on the intranet. Webinars are held on matters of special significance. In addition, further information is given through the intranet notices and training programmes.

Report of the Council for the Year Ended 31 December 2013 Cont'd

(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.

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.

Financial risk management

Financial risk management is described on pages 46 and 47.

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 13 May 2014 and signed on its behalf on 13 May 2014 by:

Maxine F Drabble

Maxine Drabble
Company Secretary

Independent Auditors' Report to the Members of The Crown Agents Foundation

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2013 and of the group's loss and the group's 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The consolidated financial statements and parent company financial statements (the "financial statements"), which are prepared by The Crown Agents Foundation, comprise:

- the consolidated and parent company balance sheet as at 31 December 2013;
- the consolidated profit and loss account and statement of total recognised gains and losses for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the 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 and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

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

CROWN AGENTS

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities on page 12, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

A Paynter

Andrew Paynter (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick
13th May 2014

Consolidated Profit and Loss Account for the Year Ended 31 December 2013

	Note	2013 £'000	2012 £'000
Turnover	1	80,084	99,726
Cost of sales		(52,481)	(58,968)
Gross profit		27,603	40,758
Administrative expenses			
Administrative expenses before exceptional item		*(35,671)*	*(39,112)*
Exceptional item	4	*(1,074)*	-
Total administrative expenses including exceptional item		(36,745)	(39,112)
Operating (loss)/profit	2	(9,142)	1,646
Share of operating profit of joint ventures and associates		191	202
Total operating profit including share of joint ventures and associates		(8,951)	1,848
Other interest receivable and similar income		6	237
Interest payable and similar charges		(16)	(66)
Other finance costs	3	(598)	(985)
(Loss)/Profit on ordinary activities before non-operating exceptional item		(9,559)	1,034
Profit on sale of an investment	4	-	547
(Loss)/Profit on ordinary activities before taxation		(9,559)	1,581
Tax on (loss)/profit on ordinary activities	6	49	(720)
(Loss)/Profit on ordinary activities after taxation		(9,510)	861
Minority interests		(32)	(12)
(Loss)/Profit for the financial year attributable to members of the parent company	18	(9,542)	849

The results for the current and prior year are attributable to the continuing operations of the group. On a historical cost basis the loss on ordinary activities before taxation would be increased by £31,000 to £9,590,000 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 18 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 (2012: £nil).

The notes on pages 23 to 47 form an integral part of these financial statements

Consolidated Statement of Total Recognised Gains and Losses for the Year Ended 31 December 2013

		2013	2012
	Note	**£'000**	**£'000**
(Loss)/Profit for the financial year	17	(9,542)	849
Foreign currency translation differences	17	161	272
Unrealised deficit on revaluation of properties	17	-	(4,100)
Actuarial loss recognised on defined benefit pension scheme	17	(3,587)	(1,724)
Deferred tax on actuarial loss recognised on defined benefit pension scheme	17	(188)	(126)
Total recognised gains and losses relating to the year	18	(13,156)	(4,829)

The notes on pages 23 to 47 form an integral part of these financial statements

Consolidated Balance Sheet at 31 December 2013

			2013		2012
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	7		-		1,132
Tangible assets	8		10,216		8,558
Investments in associated undertakings	9		386		552
			10,602		10,242
Current assets					
Debtors	10	31,557		30,923	
Money market deposits and securities	11	817,009		812,771	
Cash at bank and in hand		12,486		15,480	
		861,052		859,174	
Creditors: Amounts falling due within one year					
Creditors	13	(50,368)		(45,681)	
Customers' deposits	14	(779,508)		(775,566)	
		(829,876)		(821,247)	
Net current assets			31,176		37,927
Total assets less current liabilities			41,778		48,169
Provisions for liabilities	15		(2,759)		(1,770)
Net assets excluding pension liability			39,019		46,399
Net pension liability	19		(28,996)		(23,252)
Net assets			10,023		23,147
Capital and reserves					
Other reserves	17	8,020		8,020	
Revaluation reserve	17	(1,022)		(1,022)	
Profit and loss account	17	2,981		16,137	
Total Shareholders' funds	18	9,979		23,135	
Minority Interest		44		12	
Capital employed			10,023		23,147

The financial statements on pages 17 to 22 were approved by the Council on 13 May 2014 and signed on its behalf on 13 May 2014 by:

F. I. Sumner

Francis I Sumner, Vice President

The notes on pages 23 to 47 form an integral part of these financial statements

CROWN AGENTS

Company Balance Sheet at 31 December 2013

Registration Number: 03251167

	Note	2013 £ 000	2012 £ 000
Fixed assets			
Investments	9	2,000	2,000
Capital and reserves			
Other reserves	17	2,000	2,000

The financial statements on pages 17 to 22 were approved by the Council on 13 May 2014 and signed on its behalf on 13 May 2014 by:

F. I. Sumner

Francis I Sumner, Vice President

The notes on pages 23 to 47 form an integral part of these financial statements

CROWN AGENTS

Consolidated Cash Flow Statement for the Year Ended 31 December 2013

Cash flow statement

	2013	2012
	£ 000	**£ 000**
Net cash (outflow)/ inflow from operating activities	(1,175)	10,680
Returns on investments and servicing of finance		
Interest received	6	237
Interest paid	(16)	(66)
Dividends received	360	-
	350	171
Taxation		
Taxation paid	(937)	(1,090)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(3,193)	(2,963)
Sale of tangible fixed assets	66	563
Sale of investments	-	8,287
	(3,127)	5,887
Net cash (outflow)/inflow before management of liquid resources and financing	(4,889)	15,648
Financing		
Repayment of loans and borrowings	-	(1,333)
(Decrease)/Increase in cash	(4,889)	14,315
Banking activities		
Money market deposits and securities	(4,238)	(126,001)
Customers' deposits	3,942	113,301
Net movement	(296)	(12,700)
(Decrease)/Increase in cash	(5,185)	1,615

The notes on pages 23 to 47 form an integral part of these financial statements

Consolidated Cash Flow Statement for the Year Ended 31 December 2013 Cont'd

Net cash (outflow)/inflow from operating activities

	2013	2012
	£ 000	£ 000
Operating (loss)/profit	(9,142)	1,646
Joint venture income	-	116
Foreign currency translation	112	272
Depreciation, amortisation and impairment charges	2,591	1,314
Profit on disposal of fixed assets	(18)	(51)
(Increase)/Decrease in debtors	(676)	7,787
Increase/(Decrease) in creditors	3,106	(1,945)
Increase in provisions	989	150
Difference between defined benefit pension charge and cash contributions	1,863	1,391
Net cash (outflow)/inflow from operating activities	(1,175)	10,680

Analysis of net debt

	At 1 January 2013	Cash Flow	Exchange Movement	At 31 December 2013
	£ 000	£ 000	£ 000	£ 000
Cash at bank and in hand	15,480	(3,076)	82	12,486
Bank overdrafts	-	(2,109)	-	(2,109)
Net funds	15,480	(5,185)	82	10,377

Reconciliation of net cash flow to movement in net debt

	2013	2012
	£ 000	£ 000
(Decrease)/Increase in cash	(5,185)	1,615
Cash outflows from repayment of loans	-	1,333
Exchange movements	82	2,948
Movement in net funds	(5,103)	2,948
Net funds at 1 January	15,480	12,532
Net funds at 31 December	10,377	15,480

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 notes on pages 23 to 47 form an integral part of these financial statements

Notes to the Financial Statements for the Year Ended 31 December 2013

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.

Turnover

Turnover comprises commissions, fees earned and reimbursable expenditure from clients, 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 stage of completion of contractual obligations. Income is accrued / deferred accordingly.

Agency fees for procured goods 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.

Notes to the Financial Statements for the Year Ended 31 December 2013 Cont'd

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. Tangible fixed assets include assets in the course of construction, which represents the cost of purchasing, constructing and installing tangible fixed assets ahead of their productive use. The cost of construction includes directly attributable costs such as professional fees, external consultants' costs and internal staff time spent bringing the asset into working condition for its intended use. Staff training costs are not capitalised.

Impairment of assets

The directors carry out an annual assessment to establish whether there are any impairment indicators of any fixed assets including tangible assets, goodwill and investments. If so an impairment review is carried out. The carrying value of the asset is compared with the higher of value in use and the pre-tax net realisable value. If the carrying value exceeds the higher of the value in use and the pre-tax net realisable value, the asset is impaired and its value reduced by charging additional depreciation for tangible fixed assets or an impairment charge for fixed asset investments or goodwill.

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 rate
Long leasehold land and buildings	50 years
Fixtures and fittings	3-10 years
Computer equipment	3-5 years
Motor vehicles	4 years

Fixed asset investments

Investment in associated undertakings (an undertaking is an associate where the Group has a participating interest and exercises significant influence, but it is not a subsidiary) 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.

Notes to the Financial Statements for the Year Ended 31 December 2013 Cont'd

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.

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.

Notes to the Financial Statements for the Year Ended 31 December 2013 Cont'd

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'.

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.

The company decided to close the defined benefit pension fund to future accruals from 30 April 2015. All members will be moved to a group personal pension plan at that time.

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 2013 Cont'd

1. Turnover

Turnover has arisen by the following geographical locations:

	2013	2012
	%	%
Africa	72	65
Asia and the Pacific	12	16
Caribbean, Atlantic and the Americas	5	1
Europe and the Middle East	11	18
	100	100

An analysis of turnover by class of business is given below:

	2013	2012
	£ 000	£ 000
Consultancy and Supply Chain services	72,035	90,393
Financial services	8,049	9,333
	80,084	99,726

2. Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting):	2013	2012
	£ 000	£ 000
Auditors' remuneration:		
The audit of the company's annual accounts	147	130
The audit of the company's subsidiaries' annual accounts	272	299
Services relating to tax compliance	64	116
Other non-audit services	300	-
Depreciation of owned assets	1,459	1,290
Amortisation of goodwill	58	24
Operating lease charges - land and buildings	1,272	2,190
Operating lease charges - plant and machinery	133	82
Profit on sale of tangible fixed assets	(18)	(51)
Foreign currency losses	542	660
Due to staff under Corporate Performance Reward Scheme	-	2,128

Notes to the Financial Statements for the Year Ended 31 December 2013 Cont'd

3. Other finance costs

	2013	2012
	£ 000	£ 000
Pension scheme (see note 19)		
Interest cost	10,673	11,283
Expected return on scheme assets	(10,075)	(10,298)
	598	985

4. Exceptional items

Operating Exceptional item

	2013	2012
	£ 000	£ 000
Goodwill impairment (see note 7)	1,074	-
	1,074	-

Goodwill impairment

In accordance with the group's accounting policy an impairment review of goodwill was performed as of 31 December 2013. The carrying value of the goodwill was assessed against the estimated net present value of future cash flows. As a result, the group's goodwill in respect of its acquisition of Weidemann Associates Inc. has been impaired by £1.074m (2012: Nil).

Non-operating Exceptional Item

	2013	2012
	£ 000	£ 000
Profit on sale of investment	-	547
	-	547

Profit on sale of investment

In 2012 Crown Agents Investment Management Ltd sold its 13.2% investment in MCB Investment Management Co Ltd.

Notes to the Financial Statements for the Year Ended 31 December 2013 Cont'd

5. Particular of employees

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

	2013	2012
	No.	No.
Permanent UK staff	455	424
Permanent International staff	275	280
Contractors	51	87
	781	791

	2013	2012
	£ 000	£ 000
Wages and salaries	32,915	36,732
Social security costs	2,686	2,633
Other pension costs	3,414	3,626
	39,015	42,991

Directors' remuneration

No director's received any remuneration in respect of services to the Company.

Notes to the Financial Statements for the Year Ended 31 December 2013 Cont'd

6. Tax on (loss)/profit on ordinary activities

	2013 £ 000	2012 £ 000
Current Tax		
Corporation Tax Charge	465	741
Adjustments in respect of prior years	(337)	336
UK Corporation tax	128	1,077
Foreign taxation	482	150
Adjustment regarding prior years	(201)	-
	409	1,227
Deferred Tax		
Origination and reversal of timing differences	42	5
Deferred tax adjustment relating to previous years	(8)	35
Pension cost relief less pension cost charge	(492)	(547)
Group deferred tax	(458)	(507)
Total tax (credit)/charge on (loss)/profit on ordinary activities	(49)	720

At the balance sheet date, the Finance Act 2013 had been substantively enacted confirming that the main UK corporation tax rate will be 21% from 1 April 2014 and 20% from 1 April 2015. Therefore, at 31 December 2013, deferred tax assets have been calculated based on a rate of 20% to reflect the expected timing of the reversal of the temporary difference.

Factors affecting current tax charge for the year

Tax on (loss)/profit on ordinary activities for the year is higher (2012: higher) than the standard rate of corporate tax in the UK of 23.25% (2012 – 24.5%).

The differences are reconciled below:

	2013 £ 000	2012 £ 000
(Loss)/Profit on ordinary activities before tax	(9,559)	1,581
Corporation tax at standard rate 23.25% (2012: 24.5%)	(2,222)	387
Capital allowances less depreciation	(8)	4
Pension contribution relief less pension cost charge	572	582
Other timing differences	(65)	105
Expenses not deductible for tax purposes	509	(192)
Adjustment due to different tax rates	145	7
Adjustments in respect of prior years	(538)	336
Adjustments due to unrelieved/(relieved) losses	1,551	(5)
Rate of tax payable by small companies	-	3
Non recoverable withholding tax	465	-
Total current tax	409	1,227

Notes to the Financial Statements for the Year Ended 31 December 2013 Cont'd

7. Intangible fixed assets

	Group	
Goodwill	**2013**	**2012**
	£ 000	**£ 000**
Cost or valuation		
At 1 January	1,156	-
Acquisition	-	1,156
At 31 December	1,156	1,156
Amortisation or impairment		
At 1 January	(24)	-
Amortisation charge for the year	(58)	(24)
Impairment charge	(1,074)	-
At 31 December	(1,156)	(24)
Carrying value		
At 31 December 2013	-	1,132
At 31 December 2012	1,132	-

In accordance with the group's accounting policy an impairment review of goodwill was performed as of 31 December 2013. The carrying value of the goodwill was assessed against the estimated net present value of future cash flows. As a result, the group's goodwill in respect of its acquisition of Weidemann Associates Inc. has been impaired by £1.074m (2012: Nil).

Notes to the Financial Statements for the Year Ended 31 December 2013 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 2013	4,425	3,707	9,236	17,368
Exchange / Revaluation	-	(50)	(10)	(60)
Additions	-	188	3,005	3,193
Disposals	-	(1,040)	(193)	(1,233)
Reclassification	-	(178)	178	-
At 31 December 2013	4,425	2,627	12,216	19,268
Depreciation				
At 1 January 2013	6	2,445	6,359	8,810
Exchange loss/(gain) on Revaluation	-	(26)	(6)	(32)
Reclassification	-	(148)	148	-
Charge for the year	116	285	1,058	1,459
Eliminated on disposals	-	(992)	(193)	(1,185)
At 31 December 2013	122	1,564	7,366	9,052
Net Book Value				
At 31 December 2013	4,303	1,063	4,850	10,216
At 31 December 2012	4,419	1,262	2,877	8,558

Long leasehold land and buildings are held at valuation.

Computer System replacement
Included within Computer equipment is £1,829,000 (2012: £525,000) relating to new computer systems (tangible assets) that are currently being implemented by Crown Agents Bank Ltd.

Notes to the Financial Statements for the Year Ended 31 December 2013 Cont'd

8. Tangible fixed assets (continued)

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 of 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 these valuations and the underlying assumptions and are of the opinion that there has been no material change in values since then.

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

Long leasehold property at historical costs

	2013	2012
	£ 000	£ 000
Cost at 1 January and 31 December	7,113	7,113
Accumulated depreciation	(1,629)	(1,487)
Net book value at 31 December	5,484	5,626

Notes to the Financial Statements for the Year Ended 31 December 2013 Cont'd

9. Investment held as fixed assets

Group

	Interest in associates	
	2013	**2012**
	£ 000	**£ 000**
Cost		
At 1 January and 31 December	101	101
Share of post-acquisition profits		
At 1 January	348	278
Dividend received	(218)	-
Share of current year results	145	103
Share of taxation	(40)	(33)
At 31 December	235	348
Net book value		
At 31 December 2013	336	449
At 31 December 2012	449	379

	Interest in Joint Ventures	
	2013	**2012**
	£ 000	**£ 000**
Cost		
At 1 January and 31 December	13	13
Share of post-acquisition profits		
At 1 January	90	77
Dividend received	(55)	-
Share of current year results	7	19
Share of taxation	(5)	(6)
At 31 December	37	90
Net book value		
At 31 December 2013	50	103
At 31 December 2012	103	90

Notes to the Financial Statements for the Year Ended 31 December 2013 Cont'd

9. Investment held as fixed assets contd.

Company

	Investments in Group undertakings	
	2013	**2012**
	£ 000	**£ 000**
Cost		
At 1 January and 31 December	2,000	2,000
Provision for impairment		
At 1 January and 31 December	-	-
Net book value		
At 31 December 2013	2,000	2,000
At 31 December 2012	2,000	2,000

CROWN AGENTS

Notes to the Financial Statements for the Year Ended 31 December 2013 Cont'd

Most significant subsidiary and associated undertakings

	Main business	Country of registration or incorporation	% of nominal value of shares held
Subsidiaries			
Crown Agents Ltd	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 Mozambique Ltd	Procurement & consultancy	Mozambique	100
Crown Agents Ghana Ltd	Procurement & consultancy	Ghana	100
Crown Agents (India) Pvt Ltd	Procurement & consultancy	India	100
Crown Agents Japan Ltd	Procurement & consultancy	Japan	100
Crown Agents Nigeria Ltd	Procurement & consultancy	Nigeria	99
Crown Agents Zimbabwe Ltd	Procurement & consultancy	Zimbabwe	70
Associates and Joint Ventures			
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 Crown Agents 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.

Crown Agents also has a 25% share in ESKO, an unincorporated joint venture.

The directors believe that the carrying value of the investments is supported by their underlying assets.

Notes to the Financial Statements for the Year Ended 31 December 2013 Cont'd

10. Debtors

	Group		Company	
	2013	**2012**	**2013**	**2012**
	£ 000	**£ 000**	**£ 000**	**£ 000**
Trade Debtors	15,397	15,318	-	-
Other debtors	2,268	4,752	-	-
Deferred tax	916	958	-	-
Prepayments and accrued income	12,976	9,895	-	-
	31,557	30,923	-	-

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

	Group		Company	
	2013	**2012**	**2013**	**2012**
	£ 000	**£ 000**	**£ 000**	**£ 000**
Deferred tax	916	958	-	-

	Group	
	2013	**2012**
	£ 000	**£ 000**
Deferred tax asset		
Accelerated capital allowances	412	279
Other timing differences	504	679
Total deferred tax asset	916	958
At 1 January	958	963
Deferred tax charge in profit and loss account	(42)	(5)
At 31 December	916	958

	Group	
	2013	**2012**
	£ 000	**£ 000**
Pension Scheme Deferred tax asset		
At 1 January	6,945	6,524
Deferred tax credit in profit and loss account	492	547
Deferred tax credited/(charged) to the statement of total recognised gains and losses:		
- on actuarial loss	718	396
- change in tax rate	(906)	(522)
At 31 December	7,249	6,945

Notes to the Financial Statements for the Year Ended 31 December 2013 Cont'd

11. 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.

	Group	
	2013	2012
	£ 000	£ 000
Cash and balances at Central Banks	515,014	486,171
Loans and advances - on demand	11,112	37,741
Money market loans up to 3 months	63,043	5,700
Money market loans 3 - 12 months	135,507	93,826
Debt Securities	92,333	189,333
	817,009	812,771

12. 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. The amount in respect of the group includes balances held by Crown Agents Bank Limited in the course of its normal banking activities.

13. Creditors: Amounts falling due within one year

	Group		Company	
	2013	2012	2013	2012
	£ 000	£ 000	£ 000	£ 000
Third party bank overdrafts*	2,109	-	-	-
Trade creditors	10,704	9,854	-	-
Other creditors	22,532	17,528	-	-
Taxation and social security	556	1,162	-	-
Accruals and deferred income	14,467	17,137	-	-
	50,368	45,681	-	-

* Overdrafts are unsecured

Notes to the Financial Statements for the Year Ended 31 December 2013 Cont'd

14. 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.

	Group	
	2013	**2012**
	£ 000	**£ 000**
Repayable on demand	235,488	228,204
Repayable up to 3 months	429,513	355,314
Repayable in 3 - 12 months	114,507	192,048
	779,508	775,566

15. Provisions for liabilities

Group

	2013	**2012**
	£ 000	**£ 000**
At 1 January	1,770	1,620
Charged to the profit and loss account	989	150
At 31 December	2,759	1,770

£1,730,000 of the provision is in relation to dilapidations regarding a lease expiring in 2064 and £1,029,000 is in respect of other potential project liabilities.

16. Called up share capital

Company

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 2013 Cont'd

17. Reserves

Group

	Revaluation reserve	Other reserves	Profit and loss account	Total
	£ 000	£ 000	£ 000	£ 000
At 1 January 2013	(1,022)	8,020	16,137	21,135
Loss for the year	-	-	(9,542)	(9,542)
Foreign currency translation gains	-	-	161	161
Actuarial loss on pension schemes	-	-	(3,587)	(3,587)
Deferred tax relating to actuarial gain/loss on pension schemes	-	-	(188)	(188)
At 31 December 2013	(1,022)	8,020	2,981	7,979

Company

	Other reserves	Total
	£ 000	£ 000
At 1 January and 31 December 2013	2,000	2,000

18. Reconciliation of movement in shareholders' funds

Group

	2013	2012
	£ 000	£ 000
(Loss)/Profit attributable to the members of the group	(9,542)	849
Other recognised gains and losses relating to the year	(3,614)	(5,678)
Net reduction to shareholders' funds	(13,156)	(4,829)
Shareholders' funds at 1 January	23,135	27,964
Shareholders' funds at 31 December	9,979	23,135

Notes to the Financial Statements for the Year Ended 31 December 2013 Cont'd

19. 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 Friends Life (formerly AXA Sun Life Services 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.

£549,519 (2012: £971,931) was paid by the employer by way of contributions during the year including £326,909 (2012: £302,843) in payment of expenses. Contributions payable to the pension scheme at the end of the year are £nil (2012 - £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. £1,073,344 (2012: £879,857) was paid by the employer by way of contributions during the year. Contributions payable to the pension scheme at the end of the year are £nil (2012 - £nil).

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

The company decided to close the defined benefit pension fund (CASS II) to future accruals from 30 April 2015. All members will be moved to a group personal pension plan at that time.

Notes to the Financial Statements for the Year Ended 31 December 2013 Cont'd

19. Pension schemes (continued)

Reconciliation of scheme assets and liabilities to assets and liabilities recognised
The amounts recognised in the balance sheet are as follows:-

	2013	2012
	£ 000	£ 000
Fair value of scheme assets	235,514	225,099
Present value of scheme liabilities	(271,759)	(255,296)
	(36,245)	(30,197)
Deferred tax asset	7,249	6,945
Net liability in the balance sheet	(28,996)	(23,252)

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

	2013	2012
	£ 000	£ 000
Fair value at start of year	225,099	217,900
Expected return on assets	10,075	10,298
Actuarial gains and losses	10,643	6,244
Employer contributions	550	972
Contributions by scheme participants	21	27
Benefits paid	(10,874)	(10,342)
Fair value at end of year	235,514	225,099

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

	2013	2012
	%	%
Equity instruments	41.83	40.56
Debt instruments	25.81	21.86
Property	4.53	4.80
Cash	3.89	7.40
Other assets	23.94	25.38
Total	100.00	100.00

Notes to the Financial Statements for the Year Ended 31 December 2013 Cont'd

19. Pension schemes (continued)

Actual return on scheme's assets

	2013	2012
	£ 000	£ 000
Actual return on scheme's assets	20,718	16,542

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

Scheme liabilities

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

	2013	2012
	£ 000	£ 000
Present value at start of year	255,296	243,997
Current service cost	2,413	2,363
Actuarial gains and losses	14,230	7,968
Interest cost	10,673	11,283
Benefits paid	(10,874)	(10,342)
Contributions by scheme participants	21	27
Present value at end of year	271,759	255,296

Principal actuarial assumptions

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

	2013	2012
	%	%
Discount rate	4.50	4.25
Future salary increases	3.60	3.40
Future pension increases	3.60	2.90
Inflation	3.60	2.90
Expected return on scheme assets - CASS I	4.20	3.90
Expected return on scheme assets - CASS II	5.50	4.90

Post retirement mortality assumptions

	2013	2012
	Years	Years
Current pensioners at retirement age – male	22.80	22.70
Current pensioners at retirement age – female	25.10	25.00
Future pensioners at retirement age – male	25.00	24.90
Future pensioners at retirement age – female	27.50	27.40

Notes to the Financial Statements for the Year Ended 31 December 2013 Cont'd

19. Pension schemes (continued)

Amounts recognised in the profit & loss account

	2013	2012
	£ 000	£ 000
Amounts recognised in operating profit		
Current service cost	2,413	2,363
Recognised in arriving at operating profit	2,413	2,363
Amounts recognised in other finance costs		
Interest cost	10,673	11,283
Expected return on scheme assets	(10,075)	(10,298)
Recognised in other finance costs	598	985
Total charge recognised in the profit and loss account	3,011	3,348

Amounts recognised in the statement of total recognised gains and losses

	2013	2012
	£ 000	£ 000
Actual return less expected return on scheme assets	10,643	6,244
Changes in assumptions	(13,705)	(7,558)
Other actuarial gains/(losses)	(525)	(410)
Actuarial gains and (losses) recognised in the Statement of Total Recognised Gains and Losses	(3,587)	(1,724)

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and (losses) since 1 January 2002 is (£36,020,000) (2012 - (£32,433,000)).

History of experience adjustments on scheme assets and liabilities

Amounts for the current and previous 4 periods are as follows:

	2013	2012	2011	2010	2009
	£ 000	£ 000	£ 000	£ 000	£ 000
Fair value of scheme assets	235,514	225,099	217,900	224,656	209,539
Present value of scheme liabilities	(271,759)	(255,296)	(243,997)	(234,598)	(220,077)
Deficit in scheme	(36,245)	(30,197)	(26,097)	(9,942)	(10,538)

Notes to the Financial Statements for the Year Ended 31 December 2013 Cont'd

19. Pension schemes (continued)

History of experience adjustments on scheme assets and liabilities (Cont'd)

Experience adjustments:

	2013	2012	2011	2010	2009
	£ 000	£ 000	£ 000	£ 000	£ 000
Experience adjustments arising on scheme assets	10,643	6,244	(9,936)	11,049	18,577
Experience adjustments arising on scheme liabilities	(525)	(410)	4,905	1,720	1,241

20. Contingent liabilities

The group has advance payment guarantees and performance bonds. The amount guaranteed is £7,518,312 (2012 - £14,895,688).

21. Commitments

Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £743,700 (2012 - £402,668). Capital expenditure authorised, but not contracted, at 31 December 2013 was £579,200 (2012 - £217,488).

Operating lease commitments (annual)

Group

	2013	2012
	£ 000	£ 000
Land and buildings		
Within one year	310	298
Within two and five years	126	126
Over five years	612	612
	1,048	1,036
Other		
Within two and five years	133	82

Notes to the Financial Statements for the Year Ended 31 December 2013 Cont'd

22. Related party transactions

The company did not have an interest in a subsidiary that was less than 100% owned at the balance sheet date.

23. 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 its Board and 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 FCA and the PRA, 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 FCA and PRA. The Bank maintains high quality liquid and marketable assets to meet this requirement. The position is monitored daily. 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.

(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.

Notes to the Financial Statements for the Year Ended 31 December 2013 Cont'd

23. Financial risk management (continued)

(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, as set out in policies approved by its Board.

(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, in accordance with approved policies.

24. Ultimate Parent Undertaking and Controlling Party

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