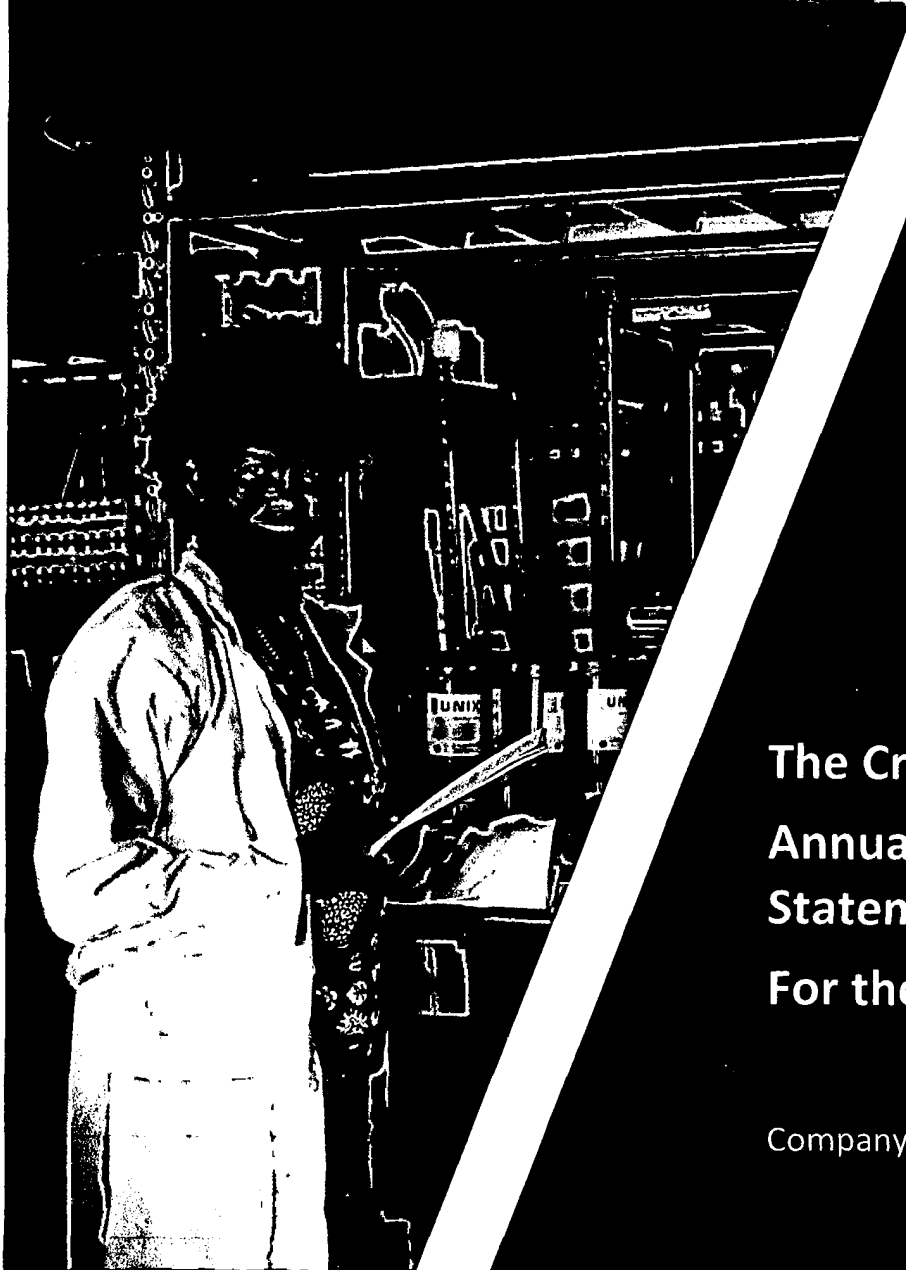




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COMPANIES HOUSE

**The Crown Agents Foundation**  
**Annual Report & Financial**  
**Statements**  
**For the year ended 30 June 2020**

Company registration number: 03251167

## **The Crown Agents Foundation Members and Advisers for the year ended 30 June 2020**

### **Foundation Council Members**

HRH The Duke of Gloucester, KG, GCVO, President  
Paul A Batchelor, Vice President  
Jenny E Borden OBE  
Beatrice Devlin  
Dr Mohan Kaul  
Mary Reilly  
Marie R Staunton CBE <sup>\*13</sup>  
Keith G White CBE  
David G Richardson <sup>\*12</sup>

\* Denotes also a member of the Board of Crown Agents Limited

<sup>1</sup> Denotes member of the Audit and Risk Committee

<sup>2</sup> Denotes Chair of the Audit and Risk Committee

<sup>3</sup> Denotes member of the Remuneration Committee

### **Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
The Portland Building  
25 High Street, Crawley, West Sussex  
RH10 1BG, United Kingdom

### **Registered Office**

Blue Fin Building, 110 Southwark Street  
London SE1 0SU, United Kingdom  
T: +44 (0) 203 940 4000  
E: [enquiries@crownagents.co.uk](mailto:enquiries@crownagents.co.uk)  
W: [www.crownagents.com](http://www.crownagents.com)

**Registered Number: 03251167**

### **Stronger Together**

A multi-stakeholder initiative aiming to reduce modern slavery  
<http://stronger2gether.org/>



### **Permanent Members**

Aga Khan Foundation  
Charities Aid Foundation  
The Chartered Institute of Purchasing and Supply  
Christian Aid  
The Institute of Development Studies  
International Chamber of Commerce UK  
The Royal Commonwealth Society  
The Royal Society for the Encouragement of Arts, Manufactures and Commerce

### **Elected Members**

AMREF – African Medical and Research Foundation  
British Expertise  
British Standards Institution  
CARE International UK  
Caribbean Council  
The Chartered Institute of Logistics & Transport (UK)  
Concern Worldwide  
Practical Action  
Standard Chartered Bank  
Transparency International  
Unilever plc

### **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.

The Foundation was established to hold the shares in Crown Agents Limited and to ensure that it meets the highest standards of honesty and integrity whilst developing relationships with clients and suppliers that are efficient and fair. The Foundation has an additional purpose; to relieve poverty and distress and to promote education and training.

## Vice President's Report

Crown Agents is a not for profit international development company working with leaders in over 60 countries across the globe to accelerate self-sufficiency and prosperity for their communities, businesses, institutions and countries. From large-scale health programmes in fragile states to carrying out last-mile supply chain services in warzones, we help governments deliver for their citizens and donors achieve their objectives.

Crown Agents' last financial year represents the culmination of much hard work by our people to reshape the business and tackle the challenges borne of our unique history. In recent years we disposed of Crown Agents Bank, tackled our pension deficit to reduce the company's exposure by over £30m, sold our former Sutton headquarters, reduced back office costs by £8m, and, most importantly, built stronger relationships with our clients, particularly the British and Japanese Governments, through outstanding programme delivery. In doing so, we won significant projects and improved the chargeability of our talented staff.

As a result of dealing successfully with our legacy issues, we began 2019-20 with newfound energy and confidence. Our teams were focussed on implementing recently won programmes, and we had record levels of interest in our training business as well as a strong book of contracts secured. We were also working to improve returns on the many business opportunities on which we were working.

In common with businesses across the world, in March 2020 we experienced a huge change as the COVID-19 outbreak became a global pandemic. Within days, most of our training courses were cancelled, and the majority of our staff across the globe were either working from home or adapting their workplaces. Prior to the onset of the pandemic, management were confident of delivering high quality programmes and achieving our £1.0m EBITDA target for the year, but change inevitably brought uncertainty. However, the entire workforce of the business quickly adapted and worked hard with our partners to do much more than just keeping vital programmes running; in close collaboration with our clients and funders, we adapted these programmes into effective platforms to address the challenges of COVID-19.

As the pandemic advanced, we experienced significant increased demand for our end to end supply chain and health expertise. This also increased the level of requests for inspection and procurement work as well as orders for medical equipment, health commodities and services. Our team adapted to the needs of different clients, putting in an immense effort to source and deliver to tight schedules. To meet increasing resource requirements, we redeployed staff from under-utilised business units, helped by the flexibility and talent of our hardworking staff as we adapted to external demand. This flexibility enabled us to respond effectively to the challenge of COVID-19, whilst at the same time achieving our financial objectives.

It is a tribute to our people that in a year of immense challenge, I am able to say that Crown Agents has posted a bottom line profit in every month since October 2019, achieved a 2019-20 EBITDA result of £1.2m and profit before tax of £0.3m, drawn a line under the losses of preceding years and demonstrated the success of the turnaround strategy that we have delivered.

### COVID-19

As the number of confirmed cases of the COVID-19 virus increases across the world, Crown Agents continues to assist governments both to meet the immediate needs and to prepare for the aftermath of the pandemic. Alongside other international development organisations, we are determined to play our part in protecting the hard-fought progress towards achieving the UN Sustainable Development Goals (SDG). Since the beginning of the outbreak, we have worked with governments and other agencies in 45 countries to assist their COVID-19 responses. We have provided them with 604 shipments of goods including 625,000 kilograms of medical supplies and, to date, 2.9 million items of Personal Protective Equipment (PPE) have been procured and delivered.

In many of the countries in which we operate we have seen that the additional burden of responding to the pandemic has left ongoing preventive healthcare weakened, with increasing secondary morbidity and mortality, particularly in vulnerable populations. Therefore, while we and our clients must scale up the immediate health response to curb the spread of COVID-19, it is equally important that essential health services are not deprioritised. The UN SDG 3 aims to ensure healthy lives and promote well-being for all, and this must stay front and centre of the global health response.

In support of this objective, Crown Agents has taken a three-pronged approach, focusing interventions at the level of service delivery, at health facilities, and at community level. At service delivery level, we ensure that large-scale health interventions carry on despite reduced transport links, social distancing and shortages of supplies. To that end, we are efficiently managing logistics, procurement and supply of essential medical commodities. At the health facility level, we ensure clinics and hospitals are safe to visit and we support their infection prevention practices. Beyond the logistics and supply of PPE, we are training health care workers on the use of this equipment and implementing safe protocols for the screening of incoming patients. At community level, we help to build trust to increase engagement in local communities and provide community workers with support as they promote the continued importance of health service utilisation. We are also working with them to communicate the measures that health facilities are taking to keep patients safe.

### **Looking to the future**

The success of the last financial year represents the completion of Crown Agents' turnaround, a phase that has seen our people overcome substantial obstacles as we re-built our company. Moving beyond the turnaround, and despite COVID-19, Crown Agents is now focussed on making the most of its opportunities, with an eye on long-term growth to build a business that is resilient to the challenges that are inevitable in the development sector.

Crown Agents has deep roots in supply chain and logistics, relying on the capabilities of our network of offices around the world to get the job done by responding to realities on the ground, staying close to our stakeholders as together we face challenges on a daily basis. Our plans for future will see us continuing to build out from our strong presence in key geographies and investing our time and energy in health system strengthening, last mile supply chain, public sector transformation, humanitarian and stabilisation responses, fund management, procurement and training and professional development.

Partnerships have always been important to Crown Agents. Nothing can be achieved unless we work with others and during a crisis it is the strength of these partnerships that enable important and life enhancing work to continue. A sense of common purpose means that we greatly appreciate the flexibility of our growing number of partners, whether they be donors, clients, consortium partners, suppliers or investors.

Our growth will be built on solid foundations. We remain committed to honest, ethical and transparent behaviour in all that we do. As a signatory to UN Global Compact we continue to uphold the highest standards of accountability and integrity which inform our work whether seeking improvements in the integrity our supply chain, responding to the safeguarding agenda, or supporting value for money through our work on public sector procurement and in the delivery of our projects.

Crown Agents has come through many challenges in its long history, but we look to the future with renewed confidence and a sense of unity and purpose as we deliver the impactful work that is changing lives for the better across the globe.

Paul A Batchelor  
Vice-President  
13 November 2020

## Strategic Report for the year ended 30 June 2020

The Council are pleased to report that performance over the year ended 30 June 2020 resulted in EBITDA of £1.2m and a profit before tax of £0.3m. The Council present their Strategic Report on The Crown Agents Foundation (the "Foundation") and its subsidiaries (together the "Group") for the year ended 30 June 2020.

### Overview of performance

The Group's key financial performance metrics in relation to continuing operations during the year ended 30 June 2020 were as follows: -

	<b>2020</b>	2019	2017
	<b>12 months</b>	18 months	12 months
	<b>£'000</b>	£'000	£'000
Turnover	<b>49,761</b>	88,407	76,817
Average monthly turnover	<b>4,147</b>	4,912	6,401
Gross profit	<b>13,296</b>	16,449	9,344
Average monthly gross profit	<b>1,108</b>	914	779
Gross margin %	<b>27%</b>	19%	12%
EBITDA prior to exceptional items <sup>1</sup>	<b>1,232</b>	(7,251)	(9,327)
Average monthly EBITDA prior to exceptional items <sup>1</sup>	<b>103</b>	(403)	(777)
Profit/(loss)before tax	<b>285</b>	(14,983)	(12,729)

The improved financial performance was achieved as new programmes that were secured in the last two financial periods generated strong margins for the Group. Cost control has been a critical element to the success of the turnaround, with salary costs relatively steady in aggregate compared to the prior period. Just as importantly, a greater proportion of staff have been engaged in revenue generating work than in recent years. Large multi-disciplinary efforts across a range of health, supply chain and humanitarian contexts have not only helped produce stronger financial results, but have also generated a renewed sense of unity and focus across the business.

The final quarter of the financial year was heavily impacted by COVID-19, with a number of revenue streams impacted by travel restrictions, which meant that activities had to be redesigned to support remote delivery. Face to face training courses were cancelled, significantly reducing revenues. However, COVID-19 did increase demand for our health supply chain services including procurement, freight and inspections. With support from donors and clients existing programmes were rapidly adapted to meet new demands.

To aid comparison of current year figures against the prior 18-month period, average monthly figures have been included in the KPI table above. Average monthly turnover fell to £4.1m in the year ended 30 June 2020 but gross profit per month improved from £0.9m to £1.1m with more profitable work secured and less profitable work diminishing. Accordingly, gross margin has improved from 19% in 2019 to 27% for the year ended 30 June 2020.

The Group has generated positive EBITDA and bottom line profit every month since October 2019, with EBITDA averaging £0.1m a month, up from negative £0.4m in the prior period. EBITDA is forecast to continue to improve in the next financial year, which has started strongly. In addition, important new contracts have been secured which will provide a strong core of work for Crown Agents for the year ahead.

### Financial position

The group net asset position has increased from £4.1m to £4.3m in the year. Net current assets were £3.1m at 30 June 2020, down marginally from £3.4m last year. Importantly, during June 2020, the Group secured a new banking facility with Citi Commercial Bank, which will provide a £5m working capital injection into Crown Agents

<sup>1</sup> EBITDA, earnings before interest, tax, depreciation and amortisation

Limited's largest and most cash intensive programmes. The facility was unutilised at the balance sheet date, but has subsequently been utilised to support health programmes that are accelerating activities.

The pension surplus has decreased from £4.5m at 30 June 2019 to £1.7m at 30 June 2020 on an accounting basis. Pension assets performed strongly in the year, but liabilities have been driven up due to the discount rate used to estimate the present value of future cash flows. The discount rate is based on the yields of high quality corporate bonds, which were at historic lows at the balance sheet date. The surplus is not recognised on the face of the balance sheet, as the surplus does not give Crown Agents an unconditional right to realise economic benefits from the surplus.

Cash and creditors both increased by £45m during the financial year, driven by the timing of advance payments received for Ukraine Ministry of Health Procurement ahead of being paid out to suppliers for pharmaceuticals and other medical commodities.

### **Events after the balance sheet date**

The Group continues to deliver monthly profits and secured significant contracts after the balance sheet date which will support the ongoing growth of the business.

On 1<sup>st</sup> September 2020, the Group's largest client, the Department for International Development (DFID) and Foreign and Commonwealth Office (FCO) ceased to be independent departments, and embarked on the co-creation of the Foreign, Commonwealth and Development Office (FCDO). Further, the UK Government's Official Development Assistance (ODA) budget has been cut in line with Gross National Income (GNI), which has fallen sharply as a result of the COVID-19 Pandemic. There will inevitably be changes to the volume and way in which work is tendered by the UK Government to meet strategic and development goals. Crown Agents has a long history of working collaboratively with both DFID and the FCO, rising to the challenges posed by international crises. The re-energised team at Crown Agents are looking forward to engaging with the FCDO to forge ahead and deliver on the strategic objectives of the FCDO and accelerate prosperity and self-sufficiency across the globe.

### **Section 172(1) Statement**

#### **Stakeholder engagement to promote the success of Crown Agents**

Under Provision 5 of the UK Corporate Governance Code 2018, the directors are required to describe how they consider a broad range of stakeholders when performing their duty to promote the success of Crown Agents in line with their requirements under Section 172(1) of the Companies Act 2006. The turnaround success of Crown Agents has been driven by a focus on the quality of our delivery and listening to a wide range of stakeholders in all that we do.

In this statement we have detailed our key stakeholders, their importance to our business and how we have engaged with them throughout the year to ensure we strengthen long-term relationships and add lasting value to the sector in which we operate.

#### **Employees**

Our employees possess extensive experience and expertise in the sector in which we operate. In turn, we wish to ensure that our employees feel valued and appreciated while working for us.

We support staff development through training and development programmes. Our training and development programme is developed in collaboration with employees.

The Directors and the Executive Team actively engage with all its employees across all offices. Managers hold regular meetings with their teams 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 monthly staff briefing meetings which are also recorded and available on the intranet, and sets aside time every month for staff to discuss issues with him directly.

An active Staff Council exists to further facilitate a dialogue between employees and senior management. Webinars are held on matters of special significance. In addition, further information is given through intranet notices and training programmes, as well as a monthly newsletter.

Employees are provided with regular meetings and feedback sessions from their managers, as well as a structured appraisal process and quarterly employee surveys, to help the Executive Team understand any issues or changes they would like to see implemented within the organisation. The results allow us to analyse what is working well and to identify areas needing improvement.

Particular focus has been placed on the potential impact of COVID-19 on employee wellbeing. Senior managers have communicated extensively with staff to implement working from home arrangements, listening to and acting on feedback at all stages of the process while supporting changes in working arrangements. Senior managers will continue to engage with staff in teams and individually as the situation develops.

### **Customers**

Our customers range from institutional donors, to governments, to delegates on training courses. We maintain a database of client feedback, some through formal assessment mechanisms, such as quarterly and annual reviews, but also capturing plaudits and using client satisfaction surveys on our training courses.

Following feedback from customers, we have improved formal scores given to a number of our programmes, and in some cases we have been able to expand activities to take on board customer demand.

### **Suppliers and Consortium Partners**

Our suppliers and consortium partners are vital to our success and we value strong lines of communication with them. On our largest programmes we have regular meetings with consortium partners. We listen to better respond to challenges on the ground.

Consortia are designed to play to the strengths of individual organisations, creating a whole that is more than the sum of its parts.

### **Environmental and society**

Crown Agents' primary objectives are to accelerate self-sufficiency and prosperity, relieve poverty and distress, and to promote education and training.

Crown Agents participates in a range of environmentally friendly schemes, such as cycle to work schemes. Our office spaces and amenities are designed to encourage recycling and reuse of cups and dishes instead of using disposal items. Beyond recycling of day-to-day waste, we responsibly dispose of, or recondition, obsolete computer equipment.

Crown Agents' environmental policies have two separate components. The first addresses how Crown Agents relates to third parties and the impact that they have upon the environment, where our policy is not to buy goods (on behalf of 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 continues to comply with these policies.

### **Equality and diversity**

Crown Agents is an equal opportunities employer and employs staff from a diverse range of backgrounds. Pay is set in line with the market and a comprehensive package of benefits is offered to staff including: a contributory pension scheme, personal accident insurance, wellbeing support and flexible working arrangements.

Crown Agents employs staff from a wide variety of backgrounds, origins, experiences and cultures. We respect and value people's differences in terms of skills, experience, background, ethnicity and gender and this is reflected both within the organisation, in our recruitment and promotion processes and in the way we treat our customers. We believe in treating each other fairly, creating an environment where every individual is given equal access to opportunities to fully develop their potential.

Crown Agents values are Courage and Authenticity. We encourage staff to express their opinions and for all to respect one another's opinions and promote an inclusive culture for all staff.

Crown Agents does not tolerate any form of intimidation, bullying, or harassment. A "speak up" culture is promoted, where staff are encouraged to raise any concerns with appropriate personnel in the business, or to use an anonymous whistleblowing service, provided by a third party by phone, email or online.



The proportion of women and men employed by the business is 46% and 54% respectively.

When filling Board positions, diversity is actively considered as part of the selection process with measures in place to ensure appropriate diversification. We are pleased to note that 50% of the Executive Team are women, as are the leaders of our successful teams in Zimbabwe, Ukraine and the USA.

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.

### **Strategic decision-making**

Our strategy is to grow organically by focusing our business development efforts on our core areas of expertise using the knowledge, talent and acumen of our global network. We make careful decisions to maintain strategic focus and control costs. All of the decisions we make consider the full range of stakeholders mentioned above.

### **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) Commercial risks**

Crown Agents is reliant on continuing to win new contracts to replace those that are coming to an end. This remains a key risk for Crown Agents and one which continues to evolve as Crown Agents continues to work hard to integrate the best of technical expertise, commercial discipline and on the ground intelligence through our overseas offices. Crown Agents uses its proven track record in delivering projects with existing partners and in established geographical regions to strengthen bid proposals in winning renewals or extensions of existing contracts.

Crown Agents reviews its pipeline of opportunities and contracted work on a monthly basis to assess future prospects and performance, further mitigating commercial risks.

#### **(ii) Global, political and economic conditions**

Crown Agents provides services in over 50 countries around the world with its main activities focused 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, nationalisation of commercial and social enterprises, limits on the export of currency and volatility of prices, taxes and currencies. The Board and management monitor such risks and have business procedures in place to mitigate any exposure.

#### **(iii) 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 continues to invest significant time supporting these relationships, and has designated key client account managers. In the year ended 30 June 2020 no client accounted for more than 35% of total revenues.

#### **(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 invest in its 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. To counter these risks, the Group has in place a Global Ethical and Compliance System, 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 legislation, regulations and standards in each of the many jurisdictions we work in. 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.

The Group seeks to restrict and manage these risks through the combined efforts of its Executive leadership; its Operations and Legal Services teams, as well as the Business Integrity Unit; and its bid and contractual review processes and other control procedures. The Board regularly receives and reviews reports on risk management and compliance.

#### **(vi) Safeguarding**

Continuous improvement of safeguarding culture is a priority for the Group's Board, the Executive Team and the whole organisation. The Group defines safeguarding to be 'a responsibility to take all possible steps to prevent harm from potential, actual or attempted abuse of power, authority, trust or vulnerability, especially in relation to sexual exploitation and abuse. However, safeguarding issues can also mean: bullying, harassment, discrimination, personal attacks, physical or verbal abuse. Measures have been taken to mitigate safeguarding risk.

The Group have a steering committee of Senior Managers drawn from HR, the Business Integrity Unit and the Executive Team to drive our work in this area, chaired by an independent non-executive director. Crown Agents has a process of continuous improvement for all related Human Resource and compliance-based policies. Safeguarding is tracked at monthly Board meetings and is a reporting feature on a monthly 'balanced score card' management tool.

The Group understands that compliance-based solutions are not enough to ensure the safeguarding risk is combatted. The Group encourages a "speak up culture" for our staff and stakeholders. For Crown Agents, a speak up culture means creating an environment to enable difficult conversations, encouraging dialogue both openly or in confidence and raising issues and concerns to senior members of staff. There exists numerous ways in which safeguarding concerns can be raised. This includes a multi-platform whistle-blowing mechanism, direct contact with the Business Integrity Unit and Human Resources and in-country safeguarding focal-point systems.

#### **(vii) Pensions**

The last full triennial actuarial valuation was completed as at 31 March 2017, at which point Crown Agents' defined benefit pension scheme had a deficit of £36.1m. The scheme is exposed to the risk of changes in interest rates, return on investments, inflation and increasing longevity of the members.

The next triennial valuation as at 31 March 2020 will shortly be completed. Prior to the COVID-19 pandemic, investments had performed well, outpacing the increase in liabilities. Liabilities have been increasing steadily for some time due to increasing longevity and historically low discount rates (set with reference to the yields on high-quality corporate bonds). The short term impact of COVID-19 on assets was a decrease in value of equities, partially offset by an increase in value of liability driven investments (LDI) which increase in value as yields on corporate bonds fall. Equities have sharply rebounded since, whilst LDI values have also retained their value as low yields continue.

With low yields anticipated for the foreseeable future, discount rates applied to liabilities are likely to remain low as well. The other main driver of liability valuation are the mortality assumptions. It is still too early to say what long term impact the pandemic will have on longevity. Although excess deaths in the UK exceed 60,000, the pandemic will have resulted in some forward mortality displacement, where excess deaths in the early part of the pandemic would have likely occurred during the year in any case. This could mean that the impact on longevity assumptions is less than one might intuit. However, following previous economic downturns longevity improvements tend to stall, and this cannot be ruled out at this time.

#### **(viii) Liquidity**

The Group faces a liquidity risk if it has insufficient available cash to meet its obligations as they fall due. Contractual obligations for certain areas of the business often require significant outflows of funding before the Group is reimbursed. Crown Agents manages its liquidity risk through rigorous weekly cashflow forecasting and review of performance against budget, assignment of cash to segregated client accounts, and credit control

management of aged debtor balances. In June 2020 Crown Agents secured a £5m working capital facility with Citi Commercial Bank, which is providing the group with additional liquidity to meet the demands of its cash intensive FCDO programmes.

**(ix) Brexit**

The Group tracks the risks associated with Brexit, upside and downside, closely. The Group does deliver contracts for the European Union, but whilst the margin generated on these is important, it is not large relative to our total pipeline of opportunity pursuits. In addition, a number of EU contracts are available to countries not in the EU. The Group has incorporated an EU subsidiary which will be used to bid for and deliver EU contracts that meet our criteria and for which management assess there to be a strong chance of winning.

**COVID-19**

The COVID-19 pandemic presents a number of key risks to the Group's operations. First, the Group assessed its duty of care arrangements, and what this means for staff based in both the United Kingdom and internationally. Coordinating this response is essential to keeping staff safe and to avoid any actions that may inadvertently contribute to the problem. Guidance and advice is changing on a daily basis and is somewhat contextual. Crown Agents are ensuring that leadership at all levels are empowered to make decisions and respond to changing circumstances, tailoring communications to their staff while taking into account their situation, as well as iterating their business continuity plan based on the specifics of their footprint and what is happening in their location. In most of the countries in which we operate, home working is now fully supported, and it is likely only a matter of time that this will be further extended.

The Group is also working to support ministries of health in their response to COVID-19. To date, the Group has started supply of personal protective equipment and lab consumables; redirected resources to enhance WASH infrastructure in fragile contexts; and are currently responding to further requests for assistance and health procurement.

Recent travel bans have led to the cancellation of training and professional development courses in the short term. A number of staff have been redeployed from this business to other parts of the organisation that scaled up to meet increased demand for new services.

Management are regularly reviewing the financial impact of the COVID-19 pandemic and taking appropriate action to mitigate downside risks and ensure that the business can continue to grow and thrive in line with the turnaround plan.

Approved by the Council on 13 November 2020 and signed on behalf of the Council on 13 November 2020 by:



Paul A Batchelor  
Vice President  
13 November 2020

## **Directors' Report for the year ended 30 June 2020**

The Council present their Annual Report and the audited consolidated financial statements of The Crown Agents Foundation ("the Company") and its subsidiaries ("the Group") for the year ended 30 June 2020.

### **Council Members**

The Directors of the Company who were in office during the year and up to the date of signing the Financial Statements were:-

HRH The Duke of Gloucester, KG, GCVO, President

Paul A Batchelor

Jenny E Borden OBE (resigned 14 August 2020)

Beatrice Devlin

Dr Mohan Kaul

Mary Reilly (resigned 7 August 2020)

Marie R Staunton CBE

Keith G White CBE

David G Richardson

### **Directors' indemnities**

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the 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 The Crown Agents Foundation ("the Council"). 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, NGOs, donors and stakeholders. It encompasses our Ethical, Equal Opportunities, HIV/AIDs and other policies and has been communicated to all staff.

Environment, society and employee engagement are considered in the Section 172(1) Statement section of the Strategic Report .

### **Branches outside the UK**

The Group has branches in Albania, Angola, Bangladesh, Bulgaria, Ethiopia, Japan, Kyrgyzstan, Myanmar, Nepal, the Philippines, Russia, Singapore, Sierra Leone, South Sudan, and the Ukraine.

### **Dividends**

No dividends were proposed for the year ended 30 June 2020 (2019: nil).

### **Research and development**

No amounts were spent on research and development during the year ended 30 June 2020 (2019: nil).

### **Political donation and political expenditure**

No donations were made during the year ended 30 June 2020 (2019: nil).

### Modern slavery

Crown Agents supports the UK Modern Slavery Act 2015 and endeavours to ensure that slavery and human trafficking is not taking place in any of our supply chains and any parts of our own business. We have also partnered with Stronger Together, a multi-stakeholder initiative aiming to reduce modern slavery. Further information can be found on our website.

### SECR reporting

The Group's UK electricity and gas consumption for the year is driven primarily by its occupation of its London offices, as there is no UK business travel. It occupies 1/3 of the floorspace of an 11 floor building, and has used this proportion of the building's data as provided by the landlord to determine the following energy consumption for the year:

	Year ended 30 June 2020
	kWh
Electricity	271,153
Gas	61,766
Total	332,919

### Future developments

Future developments have been referred to in the Vice President's Report on pages 4 to 5 and the Strategic Report on pages 6 to 11.

### Financial risk management

Financial risk management is described on page 56.

### Independent auditors

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

### Going Concern

Noting the recent strong performance and new contracts secured, the Directors are confident that the Group will delivering profits for a sustained period, improving the net current asset position and generating excess cash inflows.

The directors have reviewed business forecasts and associated cash flows, as well as modelling a number of adverse scenarios, including if there was to be a significant decline in the rate of new work being won or no new long-term technical assistance programmes won at all. In such a scenario, the directors have reviewed the mitigating actions available to management and having made reasonable inquiries are confident that such measures would be deliverable. In these stress tested scenarios available cash is forecast to remain positive over a review period in excess of 12 months.

The directors have therefore concluded that the going concern assumption is appropriate.

## Statement of directors' responsibilities in respect of the financial statements

The members of the Council, as directors, are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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

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

The directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Directors confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- they have taken all the 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 and Company's auditors are aware of that information.

### Independent auditors

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

Approved by the Council on 13 November 2020 and signed by order of the Council on 13 November 2020 by:



Paul A Batchelor  
Vice President  
13 November 2020

# ***Independent auditors' report to the members of The Crown Agents Foundation***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, The Crown Agents Foundation's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 June 2020 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated Balance Sheet and Company Balance Sheet as at 30 June 2020; the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the Consolidated cash flow statement, and the Consolidated Statement of Changes in Equity and Company Statement of Changes in Equity for the year then ended; the Accounting Policies; and the notes to the financial statements.

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### **Basis for opinion**

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

### **Independence**

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

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### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

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### **Reporting on other information**

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

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

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

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

### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

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## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 14, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### *Auditors' responsibilities for the audit of the financial statements*

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

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

### *Use of this report*

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

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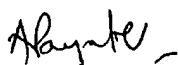
## **Other required reporting**

### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



Andrew Paynter (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Gatwick  
13 November 2020



## Consolidated Income Statement for the year ended 30 June 2020

	Notes	12 months ended 30 June 2020 £'000	18 months ended 30 June 2019 £'000
Turnover	1	49,761	88,407
Cost of sales		(36,465)	(71,958)
<b>Gross profit</b>		<b>13,296</b>	<b>16,449</b>
Administrative expenses before exceptional costs, depreciation and amortisation		(12,064)	(23,700)
<b>EBITDA† prior to exceptional items</b>		<b>1,232</b>	<b>(7,251)</b>
Exceptional income	2	-	1,021
Administrative expenses - exceptional items	2	-	(6,752)
<b>EBITDA†</b>		<b>1,232</b>	<b>(12,982)</b>
Depreciation and amortisation		(847)	(1,371)
Profit/(loss) on disposal of fixed assets		8	(632)
Total administrative expenses		(12,903)	(31,434)
<b>Operating profit/(loss)</b>	3	<b>393</b>	<b>(14,985)</b>
Share of operating loss of joint ventures and associates		(7)	-
Net interest receivable		34	441
Profit/(loss) on derivative financial instrument		5	(4)
Other finance costs	4	(140)	(285)
<b>Profit/(loss) before taxation</b>		<b>285</b>	<b>(14,833)</b>
Tax charge on profit/(loss)	6	(104)	(150)
<b>Profit/(loss) for the financial year/period</b>		<b>181</b>	<b>(14,983)</b>
Profit/(loss) for the financial year/period attributable to members of the Group		106	(15,311)
Profit for the financial year/period attributable to minority interests		75	328
		<b>181</b>	<b>(14,983)</b>

The accounting policies and notes on pages 25 to 56 form an integral part of these financial statements.

†EBITDA is an acronym for Earnings Before Interest, Tax, Depreciation and Amortisation, and is a useful measure for measuring the group's performance after eliminating financing costs and accounting adjustments such as depreciation.

## Consolidated Statement of Comprehensive Income for year ended 30 June 2020

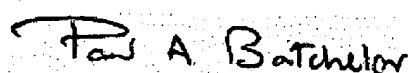
		12 months ended 30 June 2020	18 months ended 30 June 2019
	Note	£'000	£'000
<b>Profit/(loss) for the financial year/period</b>		<b>181</b>	<b>(14,983)</b>
<b>Other comprehensive income/(expense):</b>			
Exchange differences on translating foreign operations		83	154
Actuarial gain on defined benefit pension scheme	15	-	5,774
Impact of asset experience	15	-	-
Deferred tax on actuarial gain recognised on defined benefit pension scheme	10	-	(1,116)
Dividends paid to non-controlling interests		-	(493)
Other comprehensive income for the year/period, net of tax		83	4,319
Total comprehensive income/(expense) for the year/period		264	(10,664)
Total comprehensive income/(expense) for the financial year/period attributable to members of the Group		26	(10,499)
Total comprehensive income/(expense) for the financial year/period attributable to minority interests		238	(165)
		264	(10,664)

The accounting policies and notes on pages 25 to 56 form an integral part of these financial statements.

## Consolidated Balance Sheet as at 30 June 2020

		As at 30 June 2020		As at 30 June 2019	
	Note	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Intangible assets	7		462		641
Tangible assets	8		1,577		2,022
Investments in associated undertakings	9		27		61
			<u>2,066</u>		<u>2,724</u>
<b>Current assets</b>					
Debtors (including £118,000 (2019: £946,000) due after one year)	10	19,582		20,764	
Cash at bank and in hand	11	65,991		20,109	
		<u>85,573</u>		<u>40,873</u>	
Creditors: Amounts falling due within one year	12	(82,427)		(37,429)	
Derivative financial instruments	13	-		(5)	
		<u>(82,427)</u>		<u>(37,434)</u>	
<b>Net current assets</b>			<u>3,146</u>		<u>3,439</u>
<b>Total assets less current liabilities</b>			<u>5,212</u>		<u>6,163</u>
Provisions for liabilities	14		(897)		(2,112)
<b>Net assets</b>			<u>4,315</u>		<u>4,051</u>
<b>Capital and reserves</b>					
Called up share capital	16	2,000		2,000	
Revaluation reserve		-		-	
Capital reserve		6,020		6,020	
Profit and loss account		(3,705)		(5,377)	
<b>Total Shareholders' funds</b>		<u>4,315</u>		<u>2,643</u>	
Minority Interest		-		1,408	
<b>Capital employed</b>			<u>4,315</u>		<u>4,051</u>

The financial statements on pages 17 to 24 were approved by the Council on 13 November 2020 and signed on its behalf on 13 November 2020 by:



Paul A Batchelor  
Vice President

The accounting policies and notes on pages 25 to 56 form an integral part of these financial statements.

## Company Balance Sheet as at 30 June 2020

Registration Number: 03251167

		As at 30 June 2020	As at 30 June 2019
	Note	£'000	£'000
Fixed assets			
Investments	9	<u>2,000</u>	<u>2,000</u>
Capital and reserves			
Capital reserve	16	<u>2,000</u>	<u>2,000</u>

The financial statements on pages 17 to 24 were approved by the Council on 13 November 2020 and signed on its behalf on 13 November 2020 by:



Paul A Batchelor

Vice President

### Consolidated Statement of Changes in Equity for the year ended 30 June 2020

Group	Note	Called-up share capital	Capital reserve	Profit and loss account	Shareholders' funds	Minority interest	Capital Employed
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance as at 1 January 2018</b>		<b>2,000</b>	<b>6,020</b>	<b>5,122</b>	<b>13,142</b>	<b>1,573</b>	<b>14,715</b>
(Loss)/profit for the financial period		-	-	(15,311)	(15,311)	328	(14,983)
Foreign currency translation gain		-	-	154	154	-	154
Actuarial gain on pension scheme	15	-	-	5,774	5,774	-	5,774
Deferred tax relating to actuarial gain on pension scheme	10	-	-	(1,116)	(1,116)	-	(1,116)
Dividends paid to non-controlling interests		-	-	-	-	(493)	(493)
<b>Total comprehensive expense for the period</b>		<b>-</b>	<b>-</b>	<b>(10,499)</b>	<b>(10,499)</b>	<b>(165)</b>	<b>(10,664)</b>
<b>Balance as at 30 June 2019</b>		<b>2,000</b>	<b>6,020</b>	<b>(5,377)</b>	<b>2,643</b>	<b>1,408</b>	<b>4,051</b>
Profit for the financial year		-	-	106	106	75	181
Foreign currency translation gain		-	-	(80)	(80)	163	83
Transactions with the owners*		-	-	1,646	1,646	(1,646)	-
<b>Total comprehensive income/(expense) for the year</b>		<b>-</b>	<b>-</b>	<b>1,672</b>	<b>1,672</b>	<b>(1,408)</b>	<b>264</b>
<b>Balance as at 30 June 2020</b>		<b>2,000</b>	<b>6,020</b>	<b>(3,705)</b>	<b>4,315</b>	<b>-</b>	<b>4,315</b>

\* During the year shares in a non-controlling interest were repurchased at nominal value eliminating the non-controlling interest in group entities.

The accounting policies and notes on pages 25 to 56 form an integral part of these financial statements.

## Company Statement of Changes in Equity for the year ended 30 June 2020

Company	Capital reserve
	£'000
<b>Balance as at 1 January 2018</b>	<b>2,000</b>
Result for the financial period	-
<b>Total comprehensive income for the period</b>	<b>-</b>
<b>Balance as at 30 June 2019</b>	<b>2,000</b>
Result for the financial year	-
<b>Total comprehensive income for the year</b>	<b>-</b>
<b>Balance as at 30 June 2020</b>	<b>2,000</b>

The accounting policies and notes on pages 25 to 56 form an integral part of these financial statements.

## Consolidated cash flow statement for the year ended 30 June 2020

	Note	12 months ended 30 June 2020 £'000	18 months ended 30 June 2019 £'000
<b>Net cash inflow/(outflow) from operating activities</b>		<b>48,308</b>	<b>(38,508)</b>
Taxation	6, 10, 12	(226)	(503)
<b>Net cash generated/(used) in operating activities</b>		<b>48,082</b>	<b>(39,011)</b>
<b>Cash flow from investing activities</b>			
Interest received		45	498
Dividends paid to non-controlling interests		-	(493)
Purchase of tangible assets	8	(213)	(695)
Purchase of intangible assets	7	-	(86)
Pension contributions	15	(100)	-
Sale of tangible assets		15	4,924
Net receipt from disposal of investments	9	27	-
<b>Net cash (used in)/generated from investing activities</b>		<b>(226)</b>	<b>4,148</b>
<b>Cash flow from financing activities</b>			
Interest paid		(11)	(57)
Other borrowing costs	4	(140)	-
<b>Net cash used in financing activities</b>		<b>(151)</b>	<b>(57)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>47,705</b>	<b>(34,920)</b>
Cash and cash equivalents at the beginning of the year		18,100	53,841
Exchange gains/(losses) on cash and cash equivalents		186	(821)
Cash and cash equivalents at the end of the year		65,991	18,100
<b>Cash and cash equivalents consists of:</b>			
Cash at bank and in hand	11	65,991	20,109
Bank overdrafts	12	-	(2,009)
		<b>65,991</b>	<b>18,100</b>

The accounting policies and notes on pages 25 to 56 form an integral part of these financial statements.

**Net cash inflow/(outflow) from operating activities**

		12 months ended 30 June 2020	18 months ended 30 June 2019
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>
Profit/(loss) for the financial year/period		<b>181</b>	<b>(14,983)</b>
Tax charge	6	<b>104</b>	<b>150</b>
Foreign currency translation		<b>(120)</b>	<b>845</b>
Depreciation, amortisation and impairment charges	7, 8	<b>847</b>	<b>1,371</b>
(Profit)/loss on disposal of fixed assets		<b>(8)</b>	<b>632</b>
Decrease in debtors	10	<b>1,192</b>	<b>13,824</b>
Increase/(Decrease) in creditors	12	<b>47,119</b>	<b>(40,695)</b>
Decrease in derivative financial instruments	13	<b>(5)</b>	<b>-</b>
Decrease in provisions	14	<b>(1,215)</b>	<b>(72)</b>
Difference between defined benefit pension charge and cash contributions	15	<b>100</b>	<b>580</b>
Net interest receivable		<b>(34)</b>	<b>(441)</b>
Other finance costs		<b>140</b>	<b>285</b>
Share of operating loss/(profit) of joint ventures and associates		<b>7</b>	<b>(4)</b>
Net cash inflow/(outflow) from operating activities		<b>48,308</b>	<b>(38,508)</b>



## **Accounting Policies**

### **General information**

The Foundation is limited by guarantee and is incorporated in the United Kingdom. The address of its registered office is the Blue Fin Building, 110 Southwark Street, London SE1 0SU.

Crown Agents is an international development organisation that combines expertise in consultancy and supply chain management to transform the future for men, women and children around the world.

### **Statement of compliance**

The Group and the individual financial statements of The Crown Agents Foundation have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) and the Companies Act 2006.

### **Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **a) Basis of preparation**

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of long leasehold properties in accordance with the Companies Act 2006 and Applicable Accounting Standards in the United Kingdom.

The Company has taken advantage of the exemption in section 408 of the Companies Act from presenting its individual profit and loss account.

#### **b) Going concern**

Noting the strong performance and new contracts secured, the Directors are confident of delivering profits for a sustained period, improving the net current asset position further and generating excess cash inflows.

The directors have reviewed business forecasts and associated cash flows, as well as modelling a number of adverse scenarios, including if there was to be a significant decline in the rate of new work being won or no new long-term technical assistance programmes won at all. In such a scenario, the directors have reviewed the mitigating actions available to management and having made reasonable inquiries are confident that such measures would be deliverable. In these stress tested scenarios available cash is forecast to remain positive over a review period in excess of 12 months.

The directors have therefore concluded that the going concern assumption is appropriate.

#### **c) Exemptions for qualifying entities under FRS 102**

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

As a qualifying entity, the Company has taken advantage of the following exemption:

- I. from preparing a statement of cash flows, on the basis that the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows;
- II. from the financial instrument disclosures, required under FRS 102 paragraphs 11.41(b), 11.41(c), 11.41(e), 11.42, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, as the information is provided in the consolidated financial statement disclosures;
- III. from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period; and
- IV. disclosure of related party transactions with and between wholly-owned subsidiaries.

#### **d) Basis of consolidation**

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings together with the Group's share of the results of associates made up to 30 June 2020.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements. Where the Group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity it accounts for that entity as a subsidiary.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the Group holds a long-term interest and where the Group has significant influence. The Group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate. The results of associates are accounted for using the equity method of accounting.

Any subsidiary undertakings or associates sold or acquired during the period are included up to, or from, the dates of change of control or change of significant influence respectively. Where control of a subsidiary is lost, the gain or loss is recognised in the consolidated income statement. The cumulative amounts of any exchange differences on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings. The gain or loss also includes amounts included in other comprehensive income that are required to be reclassified to profit or loss but excludes those amounts that are not required to be reclassified.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the Group's interest in the entity.

#### **e) Foreign currency**

##### **i) Functional and presentation currency**

The Group and Company's financial statements are presented in pound sterling and rounded to thousands.

The Company's functional and presentation currency is the pound sterling.

##### **(ii) Transactions and balances**

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

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

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

(iii) Translations

The trading results of Group's overseas operations are translated into sterling at the exchange rate for the period in which the transaction occurred. The assets and liabilities of overseas operations are translated at the exchange rates ruling at the period end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income' and allocated to non-controlling interest as appropriate.

**f) Revenue recognition**

For all revenue streams if the amounts billed are greater than the amount earned, then income is deferred. If the amounts earned are greater than the amounts billed, then income is accrued. All revenue is calculated excluding VAT.

(i) Long term contracts

Revenue from long term contracts is recognised when the outcome of the contract involving the rendering of services can be estimated reliably. Revenue is recognised in accordance with the contract by either:

- a. The stage (or percentage) of completion, this is when services are performed by an indeterminate number of acts over a specified period of time. This calculation is further refined by the use of delivery milestones where appropriate.
- b. Where the contract is chargeable on a time and materials basis revenue is recognised based on days worked, calculated at the appropriate contract charge out rate.

(ii) Procurement contracts

Procurement income is recognised as a percentage on order placement, shipment, delivery, or acceptance depending on the terms and conditions of the contract.

(iii) Freight forwarding

Freight forwarding income is recognised with reference to the applicable Incoterms attached to the contract, which reflects the point at which the significant risks and rewards of ownership have been transferred to the buyer or recipient of the freight.

(iv) Training and professional development

Training and professional development income is measured by individual enrolments on training courses. Revenue is recognised upon course completion on an accruals basis.

**g) Exceptional items**

The Group classifies certain one-off charges or credits that have a material impact on the Group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Group.

**h) EBITDA**

EBITDA is an acronym for Earnings Before Interest, Tax, Depreciation and Amortisation. The Group uses EBITDA before exceptional items as a key performance indicator.

**i) Employee benefits**

The Group provides a range of benefits to employees, including annual bonus arrangements, annual leave arrangements, termination benefits and defined benefit and defined contribution pension plans.

**(i) Short term benefits**

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

**(ii) Termination benefits**

Termination benefits are recognised as an expense in the period in which the termination takes place.

**(iii) Defined contribution pension plans**

UK staff joining on or after 1 April 2006 are eligible to join the Crown Agents Group Personal Pension Plan, which is a defined contribution scheme. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. Amounts charged in respect of defined contribution schemes are the contributions payable in the period.

**(iv) Defined benefit pension plans**

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 consolidated income statement. 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 consolidated income statement 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; an asset will only be recognised if it is determined that the benefit of a pension surplus will pass to the Group. The scheme is in surplus on an accounting basis, but there is significant uncertainty over whether the surplus will pass to the group, given the long period over which liabilities will continue to be payable from the scheme assets.

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 consolidated statement of comprehensive income along with differences which arise from experience or assumption changes.

The Company decided to close the defined benefit pension fund to future accruals from 30 April 2015. All members were eligible to join the Group personal pension plan from that time.

**j) Taxation**

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

Current or deferred taxation assets and liabilities are not discounted.

**(i) Current tax**

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

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, including in overseas tax jurisdictions. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**(ii) 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.

The Group has substantial trading losses, of which relief against two years of forecast taxable profits has been currently recognised as a deferred tax asset. Assets are recognised at the point at which their future utilisation becomes probable.

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.

The deferred tax assets recognised on the balance sheet relate to short term timing differences that are expected to be unwound over the next 12 months.

**k) Intangible assets**

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

- Software – 3 to 10 years

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

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

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

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

FRS 102 requires judgement to be exercised when determining whether software costs should be recognised as tangible or intangible assets. Where software is regarded an integral part of the related hardware and the hardware cannot operate without the particular piece of software, it is to be treated as a tangible asset. However, where the software is not an integral part of the related hardware, software is to be treated as an intangible asset. Management have decided that the software costs are not an integral part of the related hardware and so have classified these costs as an intangible asset.

## **l) Tangible assets**

Tangible assets, except for long leasehold property and freehold land, 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. Freehold land is held at cost and not depreciated. Assets are depreciated from the month following that in which they are brought into use. Tangible assets include assets in the course of construction, which represents the cost of purchasing, constructing and installing tangible 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.

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 regular revaluation, in accordance with the provisions of section 17 of FRS 102, on the basis of open market value for existing use. Any increase in the value of the asset as a result of revaluation is recognised in other comprehensive income and accumulated in equity. Any decrease of an asset's carrying value as a result of a revaluation is recognised in other comprehensive income only to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset. If a decrease of an asset's carrying value as a result of revaluation exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess is recognised in the consolidated income statement. Long leasehold land and buildings are included at fair value less accumulated depreciation.

Asset class	Depreciation rate
Long leasehold land and buildings	Over the remaining life of the lease or 50 years, whichever is shorter
Fixtures and fittings	3 – 10 years
Computer equipment – General	3 – 5 years
Computer equipment – Enterprise costs	10 years
Motor vehicles	4 years
Plant and machinery	5 – 10 years

## **m) Borrowing costs**

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

## **n) Leased assets**

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

### **(i) Operating leased assets**

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the consolidated income statement on a straight-line basis over the period of the lease.

### **(ii) Lease incentives**

Incentives received to enter into an operating lease are credited to the consolidated income statement, to reduce the lease expense, on a straight-line basis over the period of the lease.

### **(iii) Onerous leases**

A lease is deemed to be onerous if it provides access to properties or other assets in excess of the commercial requirements of the business. A provision will be raised against the minimum lease payments net of any mitigating income, such as income from sublessees.

#### **o) Impairment of non-financial assets**

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

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

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

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

#### **p) Investments**

Investments 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) are the Group's share of the net assets of those interests. Investments in joint ventures are stated at cost. 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.

#### **q) Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, money market deposits and securities, customers' deposits and bank overdrafts. Bank overdrafts, when applicable, are shown within creditors in current liabilities. Restricted cash amounts are kept in segregated accounts and disclosed in note 11 of the financial statements.

#### **r) Financial Instruments**

The Group and Company has chosen to adopt the recognition and measurement provisions of IAS 39 (as amended following the publication of IFRS 9) and disclosure requirements of sections 11 and 12 of FRS 102 in respect of financial instruments.

##### **(i) Classification**

The Group classifies its financial assets in the following categories:

- measured at fair value through profit or loss (FVTPL);
- measured at fair value through other comprehensive income (FVOCI); and
- measured at amortised cost

Financial liabilities are classified in the following categories:

- measured at fair value through profit or loss (FVTPL); and
- measured at amortised cost

## (ii) Measurement

At initial recognition, the Group measures a financial asset and liability at its fair value. In the case of a financial asset or liability measured at amortised cost, transaction costs that are directly attributable to the acquisition of the financial asset are added to the value of the asset or liability. The transaction costs of financial assets or liabilities carried at fair value through profit or loss or at fair value through other comprehensive income are expensed in the income statement.

In respect of assets classified as measured at amortised cost, the effective interest method is applied and the interest revenue, expected credit losses and foreign exchange gains or losses are recognised in profit or loss. On de-recognition, any gain or loss is recognised in the income statement.

In respect of assets classified as measured at fair value through other comprehensive income, the interest revenue, expected credit losses and foreign exchange gains or losses are recognised in profit or loss. Other gains and losses on re-measurement to fair value are recognised in other comprehensive income. On de-recognition, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

In respect of assets classified as subsequently measured at fair value through profit and loss, all gains and losses are recognised in profit or loss.

Financial liabilities held for trading, derivatives, and financial liabilities designated as at fair value through profit or loss on initial recognition are subsequently measured at fair value with all gains and losses being recognised in profit or loss.

Financial liabilities that are not classified at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Debt Securities and 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 on an effective interest rate basis.

## (iii) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in note 13 to the financial statements.

## (iv) Impairment

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

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

## (v) De-recognition

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

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



**(vi) Offsetting**

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

**s) Provisions**

**i) Provisions**

Provisions are recognised when the Company has a present legal or constructive 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.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

**ii) Contingencies**

Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

**t) Share capital and reserves**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**u) Related party transactions**

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

**v) Critical accounting judgements and estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates.

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

### **Judgement and key sources of estimation uncertainty**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### **(i) Pension and other post-employment benefits**

The cost of the defined benefit pension scheme is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the United Kingdom. Future pension increases are based on expected future inflation rates for the United Kingdom at the balance sheet date. Further details are given in note 15.

#### **(ii) Long term contracts**

Long term contracts involve estimating the cost to completion of a contract or milestones. Judgement is involved in preparing suitable estimates of the forecast costs and revenue on contracts, which has the potential to result in material variances to the revenue recognised in the income statement.

#### **(iii) Provisions**

Provisions require management to make judgements with respect to the size and probability of an obligation being settled in the future. The estimate of provisions has the potential to impact the balance sheet and income statement at the reporting date. Refer also to accounting policy above.

#### **(iv) Impairments**

Assets are assessed for impairment at each reporting date. Assessing the value of the impairment loss requires judgement when assessing the value in use of an asset, which is derived from the present value of future cash flows expected to be generated by the asset.

## 1 Turnover

All turnover is generated through the provision of services. In the opinion of the directors disclosure of turnover by class of business would be prejudicial to the interests of the Group. Turnover is reported based on the country in which the order is delivered.

	12 months ended 30 June 2020	18 months ended 30 June 2019
	%	%
Africa	64	64
Europe and the Middle East	17	13
Asia and the Pacific	15	9
Caribbean, Atlantic and the Americas	4	14
	<b>100</b>	<b>100</b>

## 2 Exceptional items

	12 months ended 30 June 2020	18 months ended 30 June 2019
	£'000	£'000
<b>Exceptional income:</b>		
Co-existence agreement income	-	1,021
<b>Exceptional expense:</b>		
Restructuring costs	-	(3,706)
Pension – professional fees	-	(2,120)
Pension – GMP equalisation	-	(926)
	-	(6,752)
<b>Total Charge recognised in arriving at operating loss</b>	<b>-</b>	<b>(5,731)</b>

### Co-existence agreement income

During the prior period, the Group concluded a co-existence agreement with Crown Agents Bank Limited securing exceptional income of £1,250,000, incurring £229,000 of costs resulting in net income of £1,021,000. The income is deemed to be non-recurring and classified as exceptional.

### Restructuring costs

During the prior period, the Group incurred costs for restructuring of £3,706,000, which included compensation paid to employees, professional fees and related consultancy costs, and were classified as exceptional.

### Pension - professional fees

During the 18 month period to 30 June 2019, the Group incurred costs in advancing its case in respect of the CASS pension scheme indexation. Due to the size and non-recurring nature of the expense, these costs are deemed to be exceptional.

### Pension – GMP Equalisation

The Group created a provisions in the prior period in respect of estimated GMP equalisation costs following The Lloyds Banking Group Pensions Trustees Limited v Lloyds Bank PLC (and others) court judgement on 26 October 2018.

### 3 Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):

	12 months ended 30 June 2020	18 months ended 30 June 2019
	£'000	£'000
Depreciation	668	1,070
Amortisation of intangible assets	179	301
Operating lease charges	1,591	2,522
(Profit)/loss on disposal of tangible assets	(8)	632
Foreign currency gains	(120)	(53)

A foreign currency gain of £83,000 (2019: £155,000 gain) has been recognised in the statement of comprehensive income.

### Services provided by the Company's auditors' and its associates

During the year the Group (including its overseas subsidiaries) obtained the following services from the Company's auditors and its associates:

	12 months ended 30 June 2020	18 months ended 30 June 2019
	£'000	£'000
Fees payable to the Company's auditors and its associates for the audit of the Company and consolidated financial statements	175	279
Fees payable to the Company's auditors and its associates for other services:		
The audit of the Company's subsidiaries' annual financial statements	34	48
Pension advisory services	-	2,164
Other non-audit services	-	3
	<u>209</u>	<u>2,494</u>

### 4 Other finance costs

	12 months ended 30 June 2020	18 months ended 30 June 2019
	£'000	£'000
Cost of new financing facility	140	-
<b>Pension scheme (see note 15)</b>		
Interest cost	5,313	9,094
Expected return on scheme assets	<u>(5,313)</u>	<u>(8,809)</u>
	<u>140</u>	<u>285</u>

## 5 Particulars of employees and directors

The average number of persons employed by the Group (including Directors) during the period, analysed by department, was as follows:

	12 months ended 30 June 2020	18 months ended 30 June 2019
	No.	No.
Operations	328	274
Administration	62	69
	<b>390</b>	<b>343</b>

Staff costs during the year/period were as follows:

	12 months ended 30 June 2020	18 months ended 30 June 2019
	£'000	£'000
Wages and Salaries	14,790	21,352
Social security costs	815	1,677
Other pension costs	1,087	2,391
Termination payments	20	1,698
Total staff costs	<b>16,712</b>	<b>27,118</b>

### Directors' remuneration

The Directors' remuneration for the year/period was as follows:

	12 months ended 30 June 2020	18 months ended 30 June 2019
	£'000	£'000
Aggregate Emoluments	378	524
Amounts paid to money purchase schemes	87	66

During the year/period the number of Directors who were receiving benefits under the pension scheme was as follows:

	12 months ended 30 June 2020	18 months ended 30 June 2019
	No.	No.
Accruing benefits under money purchase pension scheme	3	3

In respect of the highest paid Director:

	12 months ended 30 June 2020	18 months ended 30 June 2019
	£'000	£'000
Aggregate Emoluments	162	227
Amounts paid to money purchase scheme	64	37

## 6 Income tax

### a) Tax expense included in profit or loss

	12 months ended 30 June 2020 £'000	18 months ended 30 June 2019 £'000
<b>Current tax</b>		
UK Corporation tax on result for the year/period	-	-
Foreign corporation tax on profit/(loss) for the year/period	94	692
Total current tax charge	94	692
<b>Deferred tax</b>		
Origination and reversal of timing differences	103	(635)
Adjustment in respect of prior periods	(183)	(4)
Change in tax rates	90	97
Total deferred tax	10	(542)
Total tax charge on profit/(loss) on ordinary activities	104	150

### b) Tax charge included in other comprehensive income

	12 months ended 30 June 2020 £'000	18 months ended 30 June 2019 £'000
Origination and reversal of timing differences	-	1,116

## Reconciliation of tax charge

Factors affecting current tax charge for the year/period:

Tax on profit/(loss) on ordinary activities for the year/period is higher (2019: higher) than the standard rate of corporate tax in the UK of 19% (2019: 19%).

The differences are reconciled below:

	12 months ended 30 June 2020 £'000	18 months ended 30 June 2019 £'000
<b>Profit/(loss) on ordinary activities before tax</b>	<b>285</b>	<b>(14,833)</b>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2019: 19%)	<b>54</b>	<b>(2,818)</b>
Effects of:		
Expenses not deductible for tax purposes	<b>43</b>	298
Impact of overseas tax rates	<b>39</b>	193
Adjustment in respect of prior years	<b>(183)</b>	(4)
Chargeable gains on disposal of long leasehold property	-	645
Remeasurements of deferred tax – change in UK tax rate	<b>90</b>	97
Unrelieved tax losses	<b>61</b>	1,739
<b>Total tax charge</b>	<b>104</b>	<b>150</b>

At the period end the Group had unrecognised deferred tax assets of £6,162,000 in respect of trading losses carried forward.

At the balance sheet date, the Finance Act 2016 had been enacted confirming that the main UK corporation tax rate reduced from the current rate of 20% to 19% from 1 April 2017 and will reduce to 17% from 1 April 2020. At 30 June 2019, deferred tax assets have been calculated based on rates to reflect the expected timing of the reversal of the temporary differences. On 11 March 2020 the chancellor announced that the rate of UK corporation tax would remain at 19% rather than reduce to 17% from 1 April 2020.

## 7 Intangible assets

### Group

#### Software £'000

#### Cost

At 1 July 2019	1,408
Additions	-
Disposals	-
Exchange adjustments	-
<b>At 30 June 2020</b>	<b>1,408</b>

#### Accumulated Amortisation

At 1 July 2019	767
Charge for the year	179
Eliminated on disposals	-
Exchange adjustments	-
<b>At 30 June 2020</b>	<b>946</b>

#### Net book value

<b>At 30 June 2020</b>	<b>462</b>
At 30 June 2019	641



## 8 Tangible assets

### Group

	Freehold land	Plant and Machinery	Motor vehicles, fixtures and fittings, office equipment	Computer equipment	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 July 2019	142	158	3,384	1,084	4,768
Additions	-	92	80	41	213
Disposals	-	(7)	-	-	(7)
Foreign exchange	-	-	35	10	45
Reclassification	-	-	-	-	-
<b>At 30 June 2020</b>	<b>142</b>	<b>243</b>	<b>3,499</b>	<b>1,135</b>	<b>5,019</b>
<b>Accumulated Depreciation</b>					
At 1 July 2019	-	10	1,957	779	2,746
Charge for the year	-	28	397	243	668
Eliminated on disposals	-	(7)	-	-	(7)
Foreign exchange	-	-	25	10	35
Reclassification	-	-	-	-	-
<b>At 30 June 2020</b>	<b>-</b>	<b>31</b>	<b>2,379</b>	<b>1,032</b>	<b>3,442</b>
<b>Net Book Value</b>					
<b>At 30 June 2020</b>	<b>142</b>	<b>212</b>	<b>1,120</b>	<b>103</b>	<b>1,577</b>
At 30 June 2019	142	148	1,427	305	2,022

## 9 Investments held as fixed assets

Group	Interest in associates	
	2020	2019
	£'000	£'000
<b>Cost</b>		
At 30 June	38	38
<b>Share of post-acquisition losses</b>		
At 1 July/1 January	(11)	(7)
Share of current year/period loss	(6)	(4)
At 30 June	(17)	(11)
<b>Net book value</b>		
At 30 June	21	27
	Interest in Joint Ventures	
	2020	2019
	£'000	£'000
<b>Cost</b>		
At 1 July/1 January	24	13
Additions	-	11
Disposals	(13)	-
At 30 June	11	24
<b>Share of post-acquisition profits</b>		
At 1 July/1 January	10	13
Dividend paid	(14)	-
Share of current year/period results	(1)	(3)
At 30 June	(5)	10
<b>Net book value</b>		
At 30 June	6	34
<b>Total</b>		
At 30 June	27	61

Company	Investments in Group undertakings	
	2020 £'000	2019 £'000
<b>Cost</b>		
At 1 July/1 January	<u>2,000</u>	<u>2,000</u>
At 30 June	<u><u>2,000</u></u>	<u><u>2,000</u></u>
<b>Provision for impairment</b>		
At 1 July/1 January	<u>-</u>	<u>-</u>
At 30 June	<u><u>-</u></u>	<u><u>-</u></u>
<b>Net book value</b>		
At 30 June	<u><u>2,000</u></u>	<u><u>2,000</u></u>

Management reviews fixed asset investments at least annually for impairment, and provides where the carrying value of the investment exceeds the probable net discounted future cash flow.

The Crown Agents Foundation  
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**Subsidiary and associated undertakings**

Subsidiaries	Main business	Country of registration or incorporation	% of shares held	Registered Address
Crown Agents Limited	Procurement & consultancy	England	100	Blue Fin Building, 110 Southwark Street, London, SE1 0SU
Crown Agents USA Inc. <sup>1</sup>	Procurement & consultancy	USA	100	1129 20th Street, NW, Suite 500, Washington, DC 20036, USA
Crown Agents Services Ltd <sup>1</sup>	Supplies services	England	100	Blue Fin Building, 110 Southwark Street, London, SE1 0SU
Greenshields, Cowie & Co Ltd <sup>1</sup>	Cargo movement	England	100	Blue Fin Building, 110 Southwark Street, London, SE1 0SU
Crown Agents Kenya Ltd <sup>1</sup>	Procurement & consultancy	Kenya	100	Applewood Park, Suite 108, Off Wood Avenue, Kilimani, Nairobi, Kenya
Crown Agents Uganda Ltd <sup>1</sup>	Procurement & consultancy	Uganda	100	Plot 4A, Katali Rise, Naguru, Kampala, Uganda
Crown Agents Ghana Ltd <sup>1</sup>	Procurement & consultancy	Ghana	100	Shippers House, 4th Floor, Ridge, Ambassadorial Enclave, Accra, Ghana
Crown Agents Investment Ghana Ltd <sup>1</sup>	Procurement & consultancy	Ghana	100	Shippers House, 4th Floor, Ridge, Ambassadorial Enclave, Accra, Ghana
Crown Agents Inspections Pvt Ltd <sup>1</sup>	Inspections	India	100	405, International Trade Tower, New Delhi 110 019, India
Crown Agents Japan Ltd <sup>1</sup>	Procurement & consultancy	Japan	100	1st Floor, Sabo Kaikan Honkan, 2-7-5 Hirakawacho, Chiyoda-ku, Tokyo 102-0093
Four Millbank Holdings Ltd <sup>1</sup>	Dormant holding company	England	100	Blue Fin Building, 110 Southwark Street, London, SE1 0SU
Four Millbank Nominees Ltd <sup>1</sup>	Dormant nominee company	England	100	Blue Fin Building, 110 Southwark Street, London, SE1 0SU
Great Peter Nominees Ltd <sup>1</sup>	Dormant nominee company	England	100	Blue Fin Building, 110 Southwark Street, London, SE1 0SU
Crown Agents Nigeria Ltd <sup>1</sup>	Procurement & consultancy	Nigeria	100	No. 44 Durban Street, Wuse II, Abuja FCT, Nigeria
Crown Agents Zimbabwe Ltd <sup>1</sup>	Procurement & consultancy	Zimbabwe	100	Standards Association Building, Northend Close, Northridge Park, Borrowdale, Harare, Zimbabwe
CAZIM Pharmaceuticals (Private) Limited <sup>1</sup>	Procurement & storage	Zimbabwe	49	Standards Association Building, Northend Close, Northridge Park, Borrowdale, Harare, Zimbabwe
CAIPA Ltd <sup>1</sup>	Procurement & consultancy	England	65	Blue Fin Building, 110 Southwark Street, London, SE1 0SU
Crown Agents Europe B.V. <sup>1</sup>	Business education & training	The Netherlands	100	Prinses Margrietplantsoen 33, 2595 AM 's-Gravenhage
LLC Crown Agents Ukraine <sup>1</sup>	Procurement & consultancy	Ukraine	100	42-44 Shovkovychna Street, Pecherskiy District, 01004, Kyiv
Crown Agents USA Inc Limited <sup>1</sup>	Project delivery	Zambia	100	Aquarius House, Lusaka Arcades, Katimamulilo Road, Lusaka, Zambia.
Crown Agents International Development <sup>1</sup>	Charitable company	England	100	Blue Fin Building, 110 Southwark Street, London, SE1 0SU
<b>Associates and Joint Ventures</b>				
CA International Trade and Logistics Inc <sup>1</sup>	International Trade	Turkey	50	Gazi Mahallesi, 2. Cadde Bulvar, Apr. 1-2, Yenisehir Mersin.
Greenshields Project Cargo SRL <sup>1</sup>	Cargo movement	Italy	25	Via Salvatore Orlando n.3, Livorno (LI), 57123, Italy
CB Prime Source Limited <sup>1</sup>	Procurement & consultancy	Ghana	67	Shippers House, 4th Floor, Ridge, Ambassadorial Enclave, Accra, Ghana

The proportion of voting rights in the above subsidiaries is the same as the proportion of the nominal value of shares held. All the shareholdings are held in ordinary shares. All subsidiaries are consolidated.

Note:

<sup>1</sup> Indirect holding

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

## 10 Debtors

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade Debtors	3,484	7,092	-	-
Amounts owed by Group undertakings	-	-	-	-
Other debtors	1,202	1,451	-	-
Deferred tax	1,443	1,433	-	-
Prepayments and accrued income	13,453	10,788	-	-
	<b>19,582</b>	<b>20,764</b>	<b>-</b>	<b>-</b>

Trade debtors are shown net of provisions of £1,834,000 (2019: £1,797,000).

Included in other debtors are office deposits repayable in more than one year at group level of £114,000 (2019: £946,000).

Amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

The amount of the net reversal of deferred tax expected to occur next year is £524,000 (2019: £546,000).

	2020	2019
	£'000	£'000
<b>Deferred tax asset</b>		
Accelerated capital allowances	553	506
Other timing differences	428	523
Trading losses carried forward	462	404
<b>Total deferred tax asset</b>	<b>1,443</b>	<b>1,433</b>

	£'000	£'000
At 1 July/1 January	1,433	892
Opening balance adjustments	(183)	(4)
Deferred tax credit in consolidated income statement excluding pension	193	545
<b>At 30 June</b>	<b>1,443</b>	<b>1,433</b>

	2020	2019
	£'000	£'000
<b>Pension Scheme Deferred tax asset</b>		
At 1 July/1 January	-	890
Deferred tax credit in consolidated income statement	-	226
- on actuarial gain	-	(1,116)
<b>At 30 June</b>	<b>-</b>	<b>-</b>

## 11 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.

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Cash and bank balances	65,991	20,109	-	-
	<u>65,991</u>	<u>20,109</u>	<u>-</u>	<u>-</u>

### Restricted cash:

The Group has certain cash balances that are restricted, being monies held either in segregated supplier accounts or amounts held where the Group acts as an agent to another party.

As at 30 June 2020, £61.2m (30 June 2019: £16.4m) was held in segregated supplier accounts.

## 12 Creditors: Amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Third party bank overdrafts	-	2,009	-	-
Trade creditors	4,011	2,348	-	-
Amounts owed to Group undertakings	-	-	-	-
Other creditors	70,249	22,229	-	-
Taxation and social security	141	253	-	-
Accruals and deferred income	8,026	10,590	-	-
	<u>82,427</u>	<u>37,429</u>	<u>-</u>	<u>-</u>

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

During the year to 30 June 2020, £83.2m (30 June 2019: £28.4m) was received from the Ukrainian Ministry of Health as an advance payment to facilitate the procurement of medical goods and equipment. £56.0m remained unutilised at the balance sheet date and is included in other creditors. The 2018 advance payment had £1.7m payable (30 June 2019: £12.9m). A further £3.5m relates to advance payments from other programmes and donors (30 June 2019: £3.5m).

### 13 Financial Instruments by category

#### Group

The Group has the following financial instruments:

<b>Financial assets</b>	<b>Note</b>	<b>Assets at FVTPL<sup>1</sup> £'000</b>	<b>Financial assets at amortised cost £'000</b>	<b>Total £'000</b>
<b>2020</b>				
Trade debtors	10	-	3,484	<b>3,484</b>
Other debtors	10	-	1,202	<b>1,202</b>
Cash and cash equivalents	11	-	65,991	<b>65,991</b>
		-	70,677	<b>70,677</b>
<b>2019</b>				
Trade debtors	10	-	7,092	7,092
Other debtors	10	-	1,451	1,451
Cash and cash equivalents	11	-	20,109	20,109
		-	28,652	28,652
<b>Financial liabilities</b>	<b>Note</b>	<b>Liabilities at FVTPL<sup>1</sup> £'000</b>	<b>Financial liabilities at amortised cost £'000</b>	<b>Total £'000</b>
<b>2020</b>				
Third party bank overdrafts	12	-	-	-
Trade creditors	12	-	4,011	<b>4,011</b>
Derivative financial instruments		-	-	-
Other creditors	12	-	70,249	<b>70,249</b>
		-	74,260	<b>74,260</b>
<b>2019</b>				
Third party bank overdrafts	12	-	2,009	2,009
Trade creditors	12	-	2,348	2,348
Derivative financial instruments		5	-	5
Other creditors	12	-	22,229	22,229
		5	26,586	26,591

<sup>1</sup> FVTPL – Fair value through profit or loss

## 14 Provisions for liabilities

Group	Onerous Lease	Restructuring and Legal Provisions	Total
	£'000	£'000	£'000
At 1 July 2019	1,200	912	2,112
Utilised during the year	(694)	(591)	(1,285)
Charged to the consolidated income statement	-	70	70
<b>At 30 June 2020</b>	<b>506</b>	<b>391</b>	<b>897</b>

### Onerous lease provision

The Group maintains a provision for a lease held by the USA subsidiary, Crown Agents USA Inc, which is deemed to be onerous as it is for floorspace in excess of the commercial requirements of the company.

### Restructuring and legal provisions

During the year ended 30 June 2020, £591k of provisions were utilised against expenses incurred during the year, and £70k of new expenses were provided for.

## 15 Post-employment benefits

In the UK a subsidiary of The Crown Agents Foundation, Crown Agents Limited, 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 Mobius Life Limited. The benefits of the employees within CASS I have been substantially secured by the purchase of a single premium annuity from Aviva (formerly Friends Life). CASS I was closed to new members in 1979. CASS II was closed to new members in 2006 and closed to future accrual on 30 April 2015. All employees were moved to a group personal pension plan at that time.

The last full triennial valuation of the scheme was carried out at 31 March 2017. As at 31 March 2017, using the method and assumptions agreed by the Trustees, the scheme (combined CASS I and CASS II sections) had assets sufficient to cover 87% of its liabilities, corresponding to a deficit of £36.1 million. Subsequent to the valuation £2.6m was received from the insurer of CASS I liabilities following their agreement to administer benefits on the basis of CPI indexation, reducing the pension deficit by the same amount.

The accounting valuation produced a surplus of £1.7m at 30 June 2020. However, given the triennial funding deficit noted above and the long period over which liabilities will continue to be payable from the scheme assets, Group policy is to not recognise the pension scheme accounting surplus as an asset in the financial statements until there is greater certainty over the recovery of the surplus.

£100,000 (2019: £400,000) was paid by the employer by way of contributions during the year and £1,009,000 (2019: £877,000) in payment of expenses. No contributions were payable to the pension scheme at the end of the year (2019: £nil).

UK staff joining on or after 1 April 2006 are eligible to join the Crown Agents Group Personal Pension Scheme, which is a defined contribution scheme. £993,000 (2019: £1,349,000) was paid by the employer by way of contributions during the year to 30 June 2020. No contributions were outstanding as due to the pension scheme at the end of the period (2019: £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.



Further to the pension compromise agreement and Court Order made on 14<sup>th</sup> September 2018, the CASS scheme valuation under FRS 102 was corrected so that indexation is based on Consumer Price Index (CPI) rather than Retail Price Index (RPI).

Following the High Court judgement, on 26 October 2018, in Lloyds Banking Group Pensions Trustees Limited v Lloyds Bank Plc Guaranteed Minimum Pension (GMP) case the CASS scheme was reviewed to ascertain the impact of this ruling on the liabilities of the CASS II scheme. The result has been an increase in liabilities of £0.9m. Although the Lloyds case was motivated by lower benefits accruing to female members of the Lloyds scheme, the characteristics of CASS mean that the increase in liabilities is predominantly due to male members of CASS.

#### Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are as follows:-

<b>30 June 2020</b>	<b>CASS I</b>	<b>CASS II</b>	<b>Combined</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Fair value of scheme assets	59,582	192,250	251,832
Present value of scheme liabilities	(35,746)	(214,354)	(250,100)
Net asset/(liability) in the balance sheet	<b>23,836</b>	<b>(22,104)</b>	<b>1,732</b>
<b>30 June 2019</b>	<b>CASS I</b>	<b>CASS II</b>	<b>Combined</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Fair value of scheme assets	58,129	186,601	244,730
Present value of scheme liabilities	(37,884)	(202,333)	(240,217)
Net asset/(liability) in the balance sheet	<b>20,245</b>	<b>(15,732)</b>	<b>4,513</b>

#### Scheme assets

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

	<b>CASS I</b>	<b>CASS II</b>	<b>Combined</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>1 July 2019</b>	<b>58,129</b>	<b>186,601</b>	<b>244,730</b>
Benefits paid	(3,801)	(8,439)	(12,240)
Interest income	1,181	4,195	5,376
Return on plan assets less interest income	6,474	7,543	14,017
Employer contributions	-	100	100
Administration costs	(1)	(150)	(151)
Transfer of assets	(2,400)	2,400	-
<b>30 June 2020</b>	<b>59,582</b>	<b>192,250</b>	<b>251,832</b>

### Analysis of assets

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

<b>30 June 2020</b>	<b>CASS I</b>	<b>CASS II</b>	<b>Combined</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Equity instruments	-	15.77	<b>12.04</b>
Liability Driven Investments (LDI)	26.44	19.68	<b>21.28</b>
Diversified Growth Fund	-	15.75	<b>12.02</b>
Debt instruments	13.18	42.21	<b>35.34</b>
Property	-	5.39	<b>4.11</b>
Cash	0.45	1.20	<b>1.03</b>
Insurance	59.93	-	<b>14.18</b>
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

<b>30 June 2019</b>	<b>CASS I</b>	<b>CASS II</b>	<b>Combined</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Equity instruments	-	52.13	39.75
Liability Driven Investments (LDI)	22.55	16.88	18.22
Debt instruments	12.51	17.64	16.42
Property	-	8.08	6.16
Cash	0.02	5.27	4.03
Insurance	64.92	-	15.42
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

	<b>CASS I</b>	<b>CASS II</b>	<b>Combined</b>
<b>Actual return on scheme's assets</b>			
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Year ended 30 June 2020</b>	<b>7,655</b>	<b>11,738</b>	<b>19,393</b>
<b>18 months ended 30 June 2019</b>	<b>1,601</b>	<b>16,548</b>	<b>18,149</b>

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:-

	CASS I	CASS II	Combined
	£'000	£'000	£'000
<b>1 July 2019</b>	<b>37,884</b>	<b>202,333</b>	<b>240,217</b>
Interest cost	756	4,557	5,313
Benefits paid	(3,801)	(8,439)	(12,240)
Experience gain on defined benefit obligation	(5)	(71)	(76)
Changes to demographic assumptions	(609)	(1,609)	(2,218)
Changes to financial assumptions	1,521	17,583	19,104
<b>30 June 2020</b>	<b>35,746</b>	<b>214,354</b>	<b>250,100</b>

## Principal actuarial assumptions

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

<b>30 June 2020</b>	<b>CASS I</b>	<b>CASS II</b>
	%	%
Discount rate	1.50	1.60
Inflation (CPI)	1.90	1.85
Increases to pension in payment	1.85	1.80

<b>30 June 2019</b>	<b>CASS I</b>	<b>CASS II</b>
	%	%
Discount rate	2.10	2.30
Inflation (CPI)	2.10	2.10
Increases to pension in payment (non GMP) to 31 March 2019	3.00	-
Increases to pension in payment (non GMP) from 1 April 2019	2.05	-
Increases to pension in payment in excess of GMP to 31 March 2019	-	2.95
Increases to pension in payment in excess of GMP from 1 April 2019	-	2.05

## Post retirement mortality assumptions

	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>CASS I</b>	<b>CASS II</b>	<b>CASS I</b>	<b>CASS II</b>
	Years	Years	Years	Years
Male currently aged 45	22.9	22.9	22.6	22.6
Female currently aged 45	25.1	25.1	24.7	24.7
Male currently aged 65	21.9	21.9	21.5	21.5
Female currently aged 65	23.9	23.9	23.5	23.5

Amounts recognised in the consolidated income statement

<b>Year ended 30 June 2020</b>	<b>CASS I</b>	<b>CASS II</b>	<b>Combined</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Amounts recognised in operating profit</b>			
Administration costs paid from scheme assets	1	150	151
Administration costs paid directly by company	302	556	858
Past service costs	-	-	-
Recognised in arriving at operating profit	303	706	1,009
<b>Amounts recognised in other finance costs</b>			
Interest cost	756	4,557	5,313
Interest on assets	(1,181)	(4,195)	(5,376)
Interest on assets not recognised	63	-	63
Recognised in other finance costs	(362)	362	-
<b>Total (credit)/charge recognised in the consolidated income statement</b>	<b>(59)</b>	<b>1,068</b>	<b>1,009</b>
<b>18 months ended 30 June 2019</b>	<b>CASS I</b>	<b>CASS II</b>	<b>Combined</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Amounts recognised in operating loss</b>			
Administration costs	326	561	887
Past service costs	-	906	906
Recognised in arriving at operating loss	326	1,467	1,793
<b>Amounts recognised in other finance costs</b>			
Interest cost	1,322	7,772	9,094
Interest on assets	(1,963)	(6,846)	(8,809)
Recognised in other finance costs	(641)	926	285
<b>Total (credit)/charge recognised in the consolidated income statement</b>	<b>(315)</b>	<b>2,393</b>	<b>2,078</b>

Amounts recognised in the consolidated statement of comprehensive income

<b>Year ended 30 June 2020</b>	<b>CASS I</b>	<b>CASS II</b>	<b>Combined</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Actual return less expected return on scheme assets	6,474	7,543	14,017
Changes in financial assumptions	(1,521)	(17,583)	(19,104)
Changes in demographic assumptions	609	1,609	2,218
Other actuarial gains	5	71	76
Reduction in actuarial gains not recognised in consolidated statement of comprehensive income	2,793	-	2,793
<b>Actuarial gains/(losses) recognised in the consolidated statement of comprehensive income</b>	<b>8,360</b>	<b>(8,360)</b>	<b>-</b>

<b>18 months ended 30 June 2019</b>	<b>CASS I £'000</b>	<b>CASS II £'000</b>	<b>Combined £'000</b>
Actual return less expected return on scheme assets	(362)	9,702	9,340
Changes in financial assumptions	160	(2,255)	(2,095)
Changes in demographic assumptions	451	1,806	2,257
Other actuarial gains	26	103	129
Actuarial losses not recognised in the consolidated statement of comprehensive income	(3,857)	-	(3,857)
<b>Actuarial (losses)/gains recognised in the consolidated statement of comprehensive income</b>	<b>(3,582)</b>	<b>9,356</b>	<b>5,774</b>

### History of experience adjustments on scheme assets and liabilities

Amounts for the current period and previous year are as follows:

<b>30 June 2020</b>	<b>CASS I £'000</b>	<b>CASS II £'000</b>	<b>Total £'000</b>
Fair value of scheme assets	59,582	192,250	251,832
Present value of scheme liabilities	(35,746)	(214,354)	(250,100)
<b>Surplus/(deficit) in scheme</b>	<b>23,836</b>	<b>(22,104)</b>	<b>1,732</b>

<b>30 June 2019</b>	<b>CASS I £'000</b>	<b>CASS II £'000</b>	<b>Total £'000</b>
Fair value of scheme assets	58,129	186,601	244,730
Present value of scheme liabilities	(37,884)	(202,333)	(240,217)
<b>Surplus/(deficit) in scheme</b>	<b>20,245</b>	<b>(15,732)</b>	<b>4,513</b>

Experience adjustments:

<b>Year ended 30 June 2020</b>	<b>CASS I £'000</b>	<b>CASS II £'000</b>	<b>Total £'000</b>
Gain on plan assets less interest	6,474	7,543	14,017
Experience gain on defined benefit obligation	5	71	76

<b>18 months ended 30 June 2019</b>			
(Loss)/gain on plan assets less interest	(362)	9,702	9,340
Experience gain on defined benefit obligation	26	103	129

### Assumptions and sensitivity analysis

The movement in the accounting pension liability is driven by a number of factors, including the discount rate used to calculate the current value of liabilities, long term inflation forecasts and demographic assumptions. The discount rate is in turn based on the yields on long-dated high-quality corporate bonds at the balance sheet date.

The table below indicates the approximate sensitivities of CASS II for changes in the main assumptions, with each change considered in isolation. As CASS I liabilities are insured, a change in actuarial factors would have no material impact on the surplus of this scheme.

<b>Adjustment to financial assumptions</b>	<b>Approximate effects on liabilities</b>
<u>Discount rate</u>	
Plus 0.1%	(£4.1m)
Minus 0.1%	£4.0m
<u>Inflation</u>	
Plus 0.1%	£3.2m
Minus 0.1%	(£3.2m)
<u>Life expectancy</u>	
Plus 1 year	£8.0m
Minus 1 year	(£7.0m)

## **16 Called up 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.

## **17 Contingent liabilities**

The Group has advance payment guarantees, performance bonds and letters of credit in respect of the consultancy and procurement projects it undertakes. The amount guaranteed at 30 June 2020 was £3.0m (2019: £3.0m).

The Company granted a lease guarantee of £0.5m (2019: £1.2m) in respect of future rent payable by Crown Agents USA Inc. The provision for this as an onerous lease has been maintained, as disclosed in Note 14.

## 18 Commitments

### Capital commitments

There were no amounts contracted for but not provided in the financial statements at 30 June 2020 (30 June 2019: £nil).

The Group and Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Within one year	2,307	2,217	-	-
One to five years	4,943	5,139	-	-
Over five years	507	1,519	-	-
	<u>7,757</u>	<u>8,875</u>	<u>-</u>	<u>-</u>

The minimum lease payments due in over five years consists entirely of lease payments due on the Blue Fin Building.

## 19 Related party transactions

The Group has taken the exemption as provided by paragraph 33.1A of FRS 102 and does not disclose transactions with members of the same group that are wholly owned. The Group discloses transactions with related parties which are not wholly owned with the same group.

### Key management compensation

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	12 months ended 30 June 2020	18 months ended 30 June 2019
	£'000	£'000
Salaries and other short-term benefits	1,059	1,657
Compensation for loss of office paid to key management	-	78
Post-employment benefits	159	143
	<u>1,218</u>	<u>1,878</u>

The Group has an interest in the following subsidiary and associated undertakings of less than 100%. Transactions occur with these undertakings in the normal course of business. The more significant transactions are disclosed below.

	<b>% of nominal value of shares held</b>	<b>Sales to related party  £'000</b>	<b>Purchases from related party  £'000</b>	<b>Amounts owed by related party  £'000</b>
Crown Agents Nigeria Ltd	99%	169	109	260

## 20 Financial risk management

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

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

#### (i) Liquidity Risk:

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. The group operates in a large number of countries, but holds funds centrally to the greatest extent possible, in order to utilise available cash efficiently across the group. In June 2020 Crown Agents secured a £5m working capital facility with Citi Commercial Bank, which is providing the group with additional liquidity to meet the demands of its cash hungry FCDO programmes.

#### (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.

Credit exposures are reviewed on a monthly basis by the Chief Financial Officer who reports any material concerns to the Executive Committee and the Board.

#### (iii) Currency Risk:

Currency risk on transactional currency exposures which arise from income in currencies other than sterling, Crown Agents' operating currency, is mitigated by ensuring inflows and outflows on projects are matched as closely as possible. Major non-sterling liabilities are hedged by holding liquid assets such as cash in the same denomination as the liability. In addition, formal hedging arrangements are put in place such as forward foreign exchange deals and/or options to cover foreign currency liabilities and timing differences on anticipated cash inflows and outflows, in accordance with approved policies.

## 21 Ultimate Parent Undertaking and Controlling Party

The immediate and ultimate parent undertaking and ultimate controlling party of the Group is The Crown Agents Foundation, a non-trading company limited by guarantee. The Crown Agents Foundation is the parent undertaking of the smallest and largest Group of undertakings to consolidate these financial statements at 30 June 2020 and 30 June 2019. The consolidated financial statements of The Crown Agents Foundation are available from the Company Secretary at the Blue Fin Building, 110 Southwark Street, London SE1 0SU, United Kingdom.