CROWN AGENTS
ACCELERATING SELF-SUFFICIENCY & PROSPERITY

THE CROWN AGENTS FOUNDATION

ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

Company Registration Number: 03251167

The Crown Agents Foundation Members and Advisers for the year ended 30 June 2022

Foundation Council Members

Paul A Batchelor, President
Keith G White CBE, Vice-President
Beatrice Devlin
Dr Mohan Kaul
Dame Neville-Rolfe DBE CMG * [1] [3] (resigned 20 September 2022)
David G Richardson* [2] [3]

* Denotes also a member of the Board of Crown Agents Limited
[1] Denotes member of the Audit and Risk Committee
[2] Denotes Chair of the Audit and Risk Committee
[3] Denotes member of the Remuneration Committee

Independent Auditors

Crowe U.K. LLP
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London
EC4M 7JW United Kingdom

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Registered Number: 03251167

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 Health Africa
British Expertise
British Standards Institution
The Caribbean Council
The Chartered Institute of Logistics & Transport (UK)
Practical Action
Standard Chartered Bank
Transparency International (UK)
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.

Memberships and Accreditation

Transparency International UK

Crown Agents is proud to be a member of the Transparency International UK Business Integrity Forum.

Quality Management System

The Quality Management System exists to ensure a focus on consistency and continuous improvement of business performance in order to assure the quality of our service. Our Quality Management System is registered to an internationally recognised quality management standard - ISO 9001:2015 - and is assessed regularly by the British Standards Institution to maintain certification.

British Expertise

Crown Agents is proud to be a member of British Expertise and their Safeguarding Leads Network.

TIC Council

Crown Agents is a Full Member of the TIC Council. TIC Council is an international association representing independent testing, inspection and certification companies.

President's Report

The Crown Agents Foundation (the "Foundation") is a not-for-profit international development company limited by guarantee and the sole shareholder of Crown Agents Limited. The Foundation was established to hold the shares in Crown Agents Limited and to ensure that Crown Agents Limited 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.

The Foundation, together with its subsidiaries (the "Group") works with leaders in over 100 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 we help donors achieve their objectives.

I am delighted to be reporting on a further year of growth for the Group as well as a range of exciting initiatives which have resulted in further diversification of our donor and client base. The year ended 30 June 2022 was the first year of our new 5-year strategy, and it has been gratifying to see progress against a range of objectives, including stretching financial performance targets. Overall, the Group has seen a 29% growth in top line income, an increase in gross surplus from £14.3m to £16.6m, and an improved bottom line performance of £2.4m surplus before tax compared with £0.6m last year.

I should also like to pay tribute to Baroness Neville-Rolfe who has been the Chair of Crown Agents Limited and a non-executive director of The Crown Agents Foundation for nearly two years but stood down on 20 September to join the UK Government as Minister of State for the Cabinet Office. We are extremely grateful for her leadership at a time of significant change and opportunity for Crown Agents. Her wise counsel and clear guidance have materially contributed to the strong position which the Crown Agents group now enjoys. We wish her well for the future.

Ukraine

It is often in times of emergency that the technical capabilities, experience and deep network of Crown Agents comes together for a truly powerful response.

On 24th February 2022, when the Russian Federation invaded Ukraine, Crown Agents responded immediately to help the people of Ukraine. We have deep experience in Ukraine dating back over 25 years and from day one our priority was to ensure our local team was safe whilst also enabling them to respond to the emergency needs of their country, backed by the whole Crown Agents organisation. Our work before the invasion included bilateral development assistance on behalf of the Japanese Government, construction programmes in the Chernobyl Exclusion Zone and drug procurement reform with the Ukraine Ministry of Health in addition to supporting their Covid-19 response. Now, using our unique knowledge, in-country network, and dedicated Ukrainian team, the Crown Agents group has quickly moved to an emergency response footing, supporting the government and people of Ukraine with additional health equipment to meet the new need.

Since February 2022 Crown Agents group companies have procured and delivered over 86,000 trauma kits, 45,000 food kits, 2,000 special needs kits, 400 oxygen concentrators, 60 baby incubators, including 26 portable, lightweight incubators, along with 30 baby warmers, phototherapy lights and 125 patient monitors. In addition, we have delivered essential drugs, including over 2.1 million Polio, Hepatitis, Tuberculosis and Rabies vaccines so that Ukraine could keep up its infant and adult vaccination campaigns and avoid the danger of further outbreaks. And all this vital work went on whilst we continued to deliver over 32 million Covid-19 vaccines to the country.

We remain committed to supporting the people of Ukraine, providing essential goods and services, rebuilding infrastructure and supporting government and civil society organisations through these most challenging times.

Covid-19

Although the news cycle has moved away from daily coverage of Covid-19, our work battling the pandemic continues. The Group has now delivered over 9.5 million vaccines to 42 countries and British Overseas Territories with zero loss to spoilage. We are currently shipping over 30 million items of Personal Protective Equipment (PPE) to five countries in sub-Saharan Africa on behalf of the Irish Health Service Executive, and we have shipped 572 Oxygen Concentrators and 520 Pulse Oximeters across India, Ethiopia, Kenya and Zimbabwe. We are providing vital technical assistance to help governments with the ultra-cold-chain requirements of Covid-19 vaccines, and we are now also supporting governments with the management of waste from Covid-19 vaccination campaigns, including safe disposal of needles, vials and PPE.

Our work responding to the Covid-19 crisis has been recognised at the highest level, with two of our dedicated staff awarded MBEs, for their contribution to the UK's effort to support the British Overseas Territories with their Covid-19 response.

Health System Strengthening

Beyond Ukraine and Covid-19 our work strengthening health systems around the world continues. In the last year alone, working through the ARISE programme, we have delivered over 32 million preventive treatments for Neglected Tropical Diseases (NTD)s, including Schistosomiasis (SCH), Soil-Transmitted Helminths (STH) and Lymphatic Filariasis (LF) in Uganda, Kenya, Mozambique and Tanzania. In South Sudan, where we have treated over a million children for malaria through the Health Pooled Fund programme since 2019, in our latest reporting year (12 months ended 31 March 2022) we vaccinated over 317,000 children with three doses of the pentavalent vaccine (protecting against diphtheria, tetanus, whooping cough, hepatitis B and Haemophilus influenzae type b (Hib) bacteria), up 14% on the prior year.

Growth strategy

Crown Agents has deep expertise in health, crisis response, and government system strengthening, and our Board remains focused on a growth strategy as we respond to the challenges facing the international development sector with its juxtaposition of escalating need and uncertain economic outlook.

The foundation of our company is our expertise in supply chain and logistics, relying on the capabilities of our network of locally staffed 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 the daily challenge to deliver. Our strategy is to continue to build out from this solid base in key geographies, as we invest our time and energy in Crown Agents' core capabilities:

- targeted humanitarian support and responses;
- complex last-mile supply chain in fragile and conflict afflicted environments;
- climate friendly health systems strengthening;
- resilient and transparent procurement;
- climate-compatible public sector transformation;
- cost-effective fund management;
- training and professional development.

In delivering these objectives, partnerships have always been important to Crown Agents – working with others is core to what we do. During a crisis it is the strength of these partnerships that enable important and life-enhancing work to continue. We are delighted that the range and variety of Crown Agents' partnerships has continued to expand, whilst at the same time we have also deepened many of our long-standing relationships.

Looking to the future

Crown Agents has long had a powerful ability to convene people across governments, corporate organisations, and institutional donors. In the presence of His Royal Highness The Duke of Gloucester, Patron of Crown Agents International Development, we were thrilled to host seven ambassadors at Buckingham Palace for our annual event showcasing our work across the globe. We were particularly delighted that His Excellency Ambassador Prystaiko from the Ukraine Embassy in London was able to be present, and much appreciated his thanks for our ongoing support.

Our history of bringing together like-minded partners means that, as we look further forward to the end of the decade, we are well placed to play our part in meeting the UN Sustainable Development Goals (SDGs). The pandemic has disrupted the first years of what was meant to be the decade of delivery for the SDGs, and the conflict in Ukraine is now necessarily absorbing a huge amount of political energy and economic resource. However, it is essential that global leaders do not lose sight of the SDGs in this vital decade of delivery.

As the world begins to emerge from the Covid-19 crisis, the Russian invasion of Ukraine has precipitated a crisis in the supply of both energy and grain, and higher and longer lasting inflationary pressures are now projected. The cost-of-living crisis many are experiencing around the world is a significant political and economic challenge, but in the developing world, food insecurity and energy shortages, combined with drought and flood, will imperil the health and wellbeing of millions, and may result in political instability. In fragile and conflict afflicted states there is a heightened risk of violence and lawlessness.

Now, more than ever, a renewed international commitment to the SDGs, with meaningful and effective action, properly funded, is essential if we are to make progress towards eliminating absolute poverty, achieving better health outcomes for women, children and minorities, resolving conflict, mitigating the impact of climate change and delivering a green transition. Focus must be maintained on these issues, even in a time of conflict in Europe. Crown Agents' technical expertise, partnerships experience and deep commitment to those we serve means that we have a vital and impactful part to play in meeting these challenges.

Crown Agents remains committed to honest, ethical and transparent behaviour in all that we do. As a signatory to the UN Global Compact and a member of the Transparency International Business Integrity Forum, we continue to uphold the highest standards of accountability and integrity. This commitment informs all our work, whether improving the integrity of supply chains, safeguarding the vulnerable, or supporting transparency and value for money in public sector procurement.

Finally, in the delivery of all our projects we remain committed to a carbon neutral future and have pledged to undertake the necessary actions to achieve this. Our global perspective means that we already see the impact of climate change in many of the countries in which we work, and we recognise that we share responsibility with all those who seek a reduction in poverty to commit to the necessary actions to address the human impact on climate.

Crown Agents moves forward with renewed confidence and a sense of unity and purpose as we continue to deliver the impactful work that is changing lives for the better across the globe.

Paul A Batchelor
President, 20 January 2023

Strategic Report for the year ended 30 June 2022

The directors are pleased to report that performance over the year ended 30 June 2022 resulted in EBITDA[1] of £3.3m and a surplus before tax of £2.4m. The directors present their Strategic Report on The Crown Agents Foundation (the "Foundation") and its subsidiaries (together the "Group") for the year ended 30 June 2022.

Overview of performance

The Group's key financial performance metrics in relation to continuing operations during the year ended 30 June 2022 were as follows: -

	All operations	Excluding CAID	
	2022	**2022**	2021
	£'000	**£'000**	£'000
Income	**62,537**	**53,776**	48,342
Gross surplus	**16,619**	**16,101**	14,305
Gross margin %	**27%**	**30%**	30%
EBITDA[1]	**3,287**	**2,954**	1,533
Surplus before tax	**2,384**	**2,051**	639

The improved financial performance was achieved during an eventful year for the Group, where agility and resilience were essential to achieving our targets. Notably, the Russian invasion of Ukraine had a negative impact on our underlying business procuring pharmaceutical and medical supplies for the Ukraine Ministry of Health, including Covid-19 vaccines and treatments. We have continued to deliver to meet the changing demands in Ukraine. Working closely with our team in Ukraine, our Ukrainian partners and beneficiaries, Crown Agents pivoted rapidly to an emergency response footing. Our charity, Crown Agents International Development (CAID), delivered an impressive first year of activity, generating income of £8.8m, spending £8.4m of this by the year end and providing vital and timely assistance to the people of Ukraine. Income for the Group increased from £48.3m to £62.5m with the business performing very strongly in all areas.

Gross margin has fallen from 30% to 27% year on year, driven entirely by the impact of CAID's activities on the Group. The impact of CAID on the Group's performance has undoubtedly been positive, but is driven by a different model – one of recognising the value of goods procured in the income generated and expenditure incurred.

The EBITDA[1] result improved to £3.3m during the year, up from £1.5m in the prior year. The Group benefited from a £1.4m insurance payment arising on a claim. A £1.4m increase in adminstrative expenses has largely been driven by £1.7m increase in staff costs, as the Group has invested in delivery and business development. EBITDA is an important KPI for Crown Agents that excludes the depreciation of assets and provides a good proxy for current performance and cash flow, however we increasingly focus on surplus before tax as our most important KPI, particularly as we have brought new funding into the business. We are pleased to report an increase in surplus before tax from £0.6m in 2021 to £2.4m in 2022.

Crown Agents produces an annual impact statement which sets out in greater detail our global reach and impact, this can be found on our website.

Financial position

The Group net asset position increased from £3.4m to £4.0m in the year. Net current assets were £3.8m at 30 June 2022, up from £2.3m last year. The increase in Group net assets was the result of strong financial performance, with £1.7m profit after tax, offset by pension contributions of £0.5m (with the resultant surplus not being recognised on the balance sheet) and a £0.6m translation loss on the operation of non-sterling subsidiaries and branches. During the year ended June 2020, Crown Agents Limited secured a new banking

[1] EBITDA is Earnings before interest, tax, depreciation and amortisation, and is calculated by adding depreciation and amortisation back to operating profit

facility with Citibank Europe plc, which provided a working capital injection into Crown Agents' largest and most cash intensive programmes. The facility was £1.5m utilised at the balance sheet date with a further £6.5m available.

The pension surplus increased from £0.7m at 30 June 2021 to £5.9m at 30 June 2022 on an accounting basis. Although pension assets fell in value during the year, liabilities fell further as the discount rate used to measure the net present value of obligations increased on the back of improving bond yields. The scheme was affected by market volatility after the balance sheet date, particularly its LDI portfolio, which lost value and required additional collateral as yields rose above 5%. However, at the time of signing, the overall funding level had returned to the level at the balance sheet date. Crown Agents does not have an unconditional right to realise the economic benefits and therefore the surplus is not recognised on the face of the balance sheet.

Cash increased by £10m during the financial year, driven by improving financial performance as well as a signficant shift in clients and donors funding programmes in advance, whilst more cash intensive programmes wound down during the year. CAID received funds restricted to specific charitable purposes, and held £1.2m in restricted cash at the balance sheet date. Cash advances in segregated accounts decreased by £147.4m from £213.3m to £65.9m, driven by the timing of advance payments received for Ukraine Ministry of Health Procurement ahead of being paid out to suppliers for vaccines, pharmaceuticals and other medical commodities. Creditors decreased by £136.8m during the year, mostly as a result of movements on the same advance payments.

Future developments and post balance sheet events

The Group continued to secure significant contracts with a range of donors after the balance sheet date which will support the further growth of the business. Importantly, the Group's strategy of diversification has yielded a range of important wins. The Group is highly capable of responding to the next phase of the Ukraine crisis, including rebuilding vital infrastructure, restocking hospitals and primary healthcare facilities, all whilst upholding our core principles of transparancy and value for money.

The Group's registered charity, CAID, continues to receive donations after the balance sheet date, attracting new donors, including philanthropic funding for the procurement and delivery of emergency supplies to Ukraine, as well as interest in our horn of Africa response.

After the balance sheet date Crown Agents Limited renewed its £3m committed lending facility with Citibank N.A. and £5m working capital facility with Citibank Europe plc.

As a result of the successful diversification strategy and the committed funding secured, Crown Agents is well-positioned to secure business from a variety of sources, thus spreading our exposure to changes in the funding of international development at governmental and multilateral donor level.

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. Listening to the needs of stakeholders enables us to be innovative and propositional, and this approach is central to our continuing growth.

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, which are 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.

We have opened up sections of our annual leadership conference to all staff. 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 philanthropists and corporate foundations, to delegates on training courses. Really listening to our customers is vital in understanding what they want to achieve and how we can help them achieve their goals. We see ourselves as partners, sometimes the "arms and legs" of donors, putting into action a shared vision to alleviate suffering and promote self-sufficiency and prosperity.

We maintain a database of client feedback, some through formal assessment mechanisms, such as quarterly and annual reviews, but we also capture plaudits and feedback using client satisfaction surveys on our training courses.

Following feedback from customers, we have improved the formal scores awarded on 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

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

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 in order to better respond to challenges on the ground.

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 disposable 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 ourselves and 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.

The Board of Crown Agents has also approved its first Carbon Reduction Plan, with the target of reaching net zero emissions by 2050, further details of which are included in the Directors' Report, and a summary of which can be found online.

Equality and diversity

The Group has established a Diversity, Inclusion and Equality Committee which is independent of the Board and Executive Team, provided with resources to ensure we continue to learn, grow and get the very best out of the widest pool of talent available to Crown Agents.

Crown Agents is an equal opportunities employer and employs staff from a diverse range of backgrounds, origins, experiences and cultures. 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.

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. We have been delighted with the number of internal applicants who have successfully won new roles or promotions within the Group across the world, as the geographical bariers to joining a department have disolved with agile multi-location team work.

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 48% and 52% 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

Crown Agents recognises that its long-term stability depends upon the delivery of its strategic objectives and its relationships with its clients, donors, staff and strategic partners.

Risk is part of everything we do and in an ever-changing world, the pace of change is increasing. This carries with it uncertainty and that uncertainty brings new opportunities and risks. In Crown Agents' context, how we manage those opportunities and risks has never been more important in helping us meet our objectives, improve service delivery, achieve value for money and reduce unwelcome surprises.

We believe in the value of effectively managing risk: it informs business decisions; enables a more effective use of precious resources; enhances strategic and business planning; and strengthens contingency planning.

None of this is possible without a supportive risk culture. A positive risk culture, one which encourages openness and discusses real business issues in a realistic manner, is absolutely essential to the effective management of risk. Everyone, from the board down, has a clear role to play in establishing and maintaining that risk culture.

As such, the Group has an overall "open appetite" for risks. This means the Board is prepared to consider all delivery options and select those with the highest probability of productive outcomes, even when there are elevated levels of associated risks, where such risks are deemed controllable to a large extent.

Weekly Executive Team meetings are structured around our core thematic areas of Business Development, Safety and Security (including Safeguarding and Whistleblowing), Cash, Profitability and Compliance. Reviewing the impact of current and emerging risks is integral to the discussions.

Our corporate risk management strategy is linked directly to our strategy, which in itself is refreshed annually. This helps Crown Agents ensure our arrangements for managing risk are structured and comprehensive. The identification, management and reporting of the risks to delivering our strategy are carried out via:

- Executive and non-executive members of the Board
- Audit and Risk Assurance Committee
- Professional and global Internal Audit provided by RSM UK Risk Assurance Services LLP
- Senior staff whose leadership is vital
- Managers
- All staff

Beyond the weekly Executive Team meetings, risks are considered at monthly board meetings, and assessed formally at quarterly Audit and Risk Assurance Committee meetings. At these meetings residual risk exposure is considered alongside risk mitigation, management and risk velocity. This committee includes an independent member as well as advisors, including internal auditors and statutory auditors.

Our approaches to and management of risk are continually refreshed and improved. By doing so, we will be well placed to innovate and deliver better results for our clients while protecting colleagues who are at the front line of delivering these services.

Crown Agents monitors risks under 14 main headings, including an assessment of the residual risk exposure relative to the Group's risk appetite:

(i) Cashflow/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 Citibank Europe plc, which is providing the group with additional liquidity to meet the demands of its cash intensive FCDO programmes. During the prior year this facility was extended to £8m. During the year Crown Agents agreed a new £3m committed lending facility with Citibank NA and revised our working capital facility with Citibank Europe plc to £5m, providing increased flexibility. This was renewed after the year end.

(ii) Fiduciary Management

Crown Agents defines fiduciary management risk as the risk that clients or programme funds are mishandled due to fraud, leakage or use of a proscribed organisation. Crown Agents deploys project level fiduciary risk assessments and has in place a range of mitigation measures such as ensuring due diligence is completed before any contract award is granted, regular financial reviews and spot checks. We follow an established delegation of authority schedule and have strict segregation of duty policies which greatly reduce fiduciary management risk. Our projects and funds are subject to a range of audits, including those commissioned on behalf of donors and delivered by external auditors, or commissioned by the Audit and Risk Assurance Committee and delivered by RSM UK Risk Assurance Services LLP.

(iii) Fraud

Crown Agents defines this as the risk that the Group is unable to prevent and manage fraud in its operations. The focus of the Group's operations is in developing countries, many of which are perceived as presenting a high risk of corruption. Further, fraudsters are known to target not for profit groups headquartered in the UK and other high income countries. This presents the Group with significant anti-fraud, bribery and corruption challenges. To counter these risks, the Group has established a Counter-Fraud Committee and has in place a Global Ethical and Compliance System, together with its established financial controls and procedures.

We have available at our disposal a range of resources to investigate suspected fraud, including in-house skills and our professional internal audit provider, RSM UK Assurance Services LLP.

(iv) Staff Safety and Security

Crown Agents defines this as the risk that staff are in physical danger or that their well-being is detrimentally affected leading to loss of life, loss of productivity or employability.

Our immediate priority to the crisis in Ukraine was the safety of our staff. Our crisis team was meeting twice a day, sharing intelligence, providing financial and logistical resources, to enable our staff to move to places of relative safety wherever practicable.

All staff have access to security training. Any travelling staff must now complete, and have reviewed, the Security & Health Risk Form before any travel is approved. The purpose of this form is to ensure that security risks at travel destinations rated "Medium" risk or above are assessed by the traveller and designated managers and that appropriate mitigation measures are put in place. Covid-19 risk has been incorporated into the form and risk assessment. All projects are required to have tested and shared security plans in place and compliance is checked monthly.

In addition to all staff going through a Health and Safety induction when they join Crown Agents, the Group also maintains extensive Health and Safety Standard Operating Procedures, which are available through our Policy Portal to all staff. Our procedures include advice on general office safey, first aid, fire, use of personal protective equipment, working from height, homeworking, new and expectant mothers, motor vehicles and more.

All Health and Safety incidents are reported to the Health, Safey and Security Committee and reviewed for lessons learned. During the pandemic, we have also highlighted guidance and enforced working alone protocols, to keep our personnel safe.

(v) Safeguarding

Continuous improvement of our safeguarding culture is a priority for the 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's Safeguarding Committee has wide organisational representation, with leaders drawn from HR, the Business Integrity Unit, the Executive Team, projects and international offices to drive forward our work in this area, and is 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 weekly Executive Team meetings, monthly Board meetings and reported on our monthly balanced score card and incorporated as a risk to be assessed in relevant internal audit assignments.

The Group understands that compliance-based solutions are not enough to ensure the safeguarding risk is fully addressed. 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 exist 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.

(vi) Policies and Procedures (Compliance)

This is the risk that controls in place are not adequate enough to mitigate risks and/or that compliance with these controls is lacking.

The Group's Business Integrity training is available to all staff regularly. Our Quality Management System (QMS) team undertakes QMS internal audits led by RSM UK Risk Assurance Services LLP as well as British Standards Institute-led audits to ensure compliance with ISO9001:2015. In addition, we comply with the Good Distribution Practice (GDP) licence and Medicines and Healthcare products Regulatory Agency (MHRA) where appropriate. We are a Full Member of the TIC Council, which recognised the high standards of our inspection work internationally. Projects have their own compliance checklist to manage client and donor requirements.

(vii) Reputation (donors, media and supporters)

Crown Agents defines this as the risk that poor service delivery results in a loss of stakeholder confidence and trust in the brand and our ability to win new contracts. Crown Agents values its reputation, its brand, and the trust that it commands, and we believe that the quality of our delivery is the most effective way of maintaining this. We also monitor national government strategic focus through direct discussions, our international network, conferences, media and official publications. Key staff have the ability to reach out at short notice to clients when required and we maintain a key account manager framework to provide a strategic focus to our communication with donors.

(viii) Income Pipeline

Crown Agents is reliant on securing new income to replace grants and contracts that are coming to an end. This remains a key risk for Crown Agents and one which continues to evolve as Crown Agents works 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.

With the addition of CAID to to the Group, the income stream has diversified significantly, with donations and grant income secured from a range of donors, including corporate foundations, family offices, major charities and philanthropists.

Crown Agents reviews its pipeline of opportunities and secured work on a monthly basis to assess future prospects and performance, further mitigating commercial risks. The Group has a highly diverse donor base with only 24% of its revenue from UK Foreign, Commonwealth and Development Office (FCDO) in the financial year.

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.

(ix) Covid-19 (Pandemic)

This is the risk that Covid-19 or a new pandemic impairs our ability to deliver our programmes. We now know that our business is capable of operating almost entirely remotely, as we did in the early Covid-19 lock downs, which is a key risk mitigation. We can also instigate social distancing measures and require PPE to be worn in public or shared spaces. Our risk appetite is high, because responding to complex crises is what Crown Agents does best. However, staff and consultant travel has been restricted to essential travel, with the majority of staff worldwide able to work from home or per local guidelines, with many offices now operating a hybrid working pattern between home and office. Crown Agents is ensuring that leadership at all levels is 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.

The long-term impact on funding for development has materialised in the UK, but Crown Agents has continued to win work from the UK Government, and has further diversified its income stream and reduced overexposure to any one client.

Crown Agents is also working to support ministries of health in their response to Covid-19. To date, Crown Agents has supplied vaccines, training, PPE and lab consumables; redirected resources to enhance WASH infrastructure in fragile contexts; and are currently providing expert advice to ministries of health and global health organisations as they roll out the vaccine. We continue to support Covid-19 vaccine roll-outs globally.

(x) IT, digital and cyber security

IT, digital & cyber security risk is the risk that the corporate IT infrastructure and IT policies are unable to protect the company from loss or reputational damage. Since the pandemic there has been a global increase in cyber attacks, including against organisations active in our sector. Crown Agents' IT infrastructure is reviewed constantly and updated where necessary to protect its integrity from external risks (such as cyber-criminal threats) and internal risk (for example information loss through staff and consultants). To test our resilience and identify areas for improvement, Crown Agents engages specialist providers to carry out penetration tests of our network, both externally and internally.

Crown Agents has specialist third party IT providers who monitor the network for suspicious activity, and comprehensive threat detection and firewall management programmes are in place.

To address the risk of unauthorised access to client or donor cloud-based portals Crown Agents requires multi-factor authentication to be deployed wherever possible.

Crown Agents has a continuous improvement and review process providing formal project performance assessment against operational milestones within agreed and defined budgets. The IT system and infrastructure are reviewed to support any revised processes. Project related developments are tightly managed, with guidance on which tools that are available to programme teams to tailor to their project's needs.

(xi) Governance

This is the risk that the company structure is not appropriate or that the company is not compliant with local regulations. 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. Crown Agents provides services in over 60 countries around the world with its main activities focused on developing countries. While benefitting 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.

Regular meetings of our Overseas Regulatory and Compliance Committee are held to review compliance, corporate governance and risk management of our overseas subsidiaries. Status updates are provided quarterly to the Audit and Risk Assurance Committee as well as to follow up on issues identified by annual compliance declarations.

(xii) Pensions

The main pension risk is that the company is unable to meet its pension obligations. The last full triennial actuarial valuation was completed as at 31 March 2020, at which point Crown Agents had assets sufficient to cover 78% of its liabilities, corresponding to a deficit of £68.9 million. 31 March 2020 was a very low point for valuations due to the Covid-19 pandemic. Subsequent to the triennial valuation an actuarial report was carried out as at 31 March 2022 which showed the scheme had assets sufficient to cover 83% of its liabilities, corresponding to a deficit of £49.6 million. The scheme is exposed to the risk of changes in interest rates, return on investments, inflation and increasing longevity of the members. The impact of rising yields and inflation since 31 March 2022 have been significant, and the estimated valuation on a technical provisions basis has improved to a deficit of approximately £30m as at 31 August 2022, with assets sufficient to cover 87% of liabilities. Such valuations are required to be prudent, whereas the accounting valuation used in these financial statements is based on balanced assumptions, that are neither overly prudent, nor too optimistic, and have resulted in a surplus at 30 June 2022 of £5.9m.

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) and now rising inflation. 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 rebounded since, whilst LDI values have also retained their value as low yields continue.

With yields increasing signifiantly in 2022 the discount rates applied to liabilities have increased, improving the funding position. 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.

(xiii) Recruiting and resourcing

This is the risk that the company does not have the correct complement of skills and capacity, including leadership, and is not able to recruit them successfully. Staff retention and staff morale are important to management and are discussed weekly during Executive Team meetings and assessed both informally and formally through staff surveys, Staff Council engagement, appraisals and interviews. Staff surveys and turnover statistics are discussed at Board Meetings and we look to actively learn lessons to improve employees' experience of working at Crown Agents. Succession planning exercises also take place as part of strategic planning, and we are proud of our track record of promoting from within the organisation as well as attracting new talent to the organisation.

Early discussions take place between technical teams, human resources and our commercial team to ensure appropriate packages are offered and costed, including terms of engagement or employment. Projects undertake regular reviews to assess the impact of any legislation change.

(xiv) Environment

This is the risk that the Group's activities negatively impact the environment or climate, or the Group's exposure to environamental and climate change reputational, market, biophysical and compliance risk. The Group is pursuing grant funding to deliver solar energy solutions for health facilities and will be incorporating climate and environmental risk factors when preparing due diligence into donors and suppliers before engaging with them.

This Strategic Report was approved by the Council on 20 January 2023 and signed on behalf of the Council on 20 January 2023 by:

Paul A Batchelor

Paul A Batchelor
President
20 January 2023

Directors' Report for the year ended 30 June 2022

The Directors present their Annual Report and the audited consolidated financial statements of Crown Agents Limited ("the Company") and its subsidiaries ("the Group") for the year ended 30 June 2022.

Directors of the Company

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

Paul A Batchelor
Beatrice Devlin
Dr Mohan Kaul
Keith G White CBE
David G Richardson
Baroness Neville-Rolfe DBE CMG (resigned 20 September 2022)

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

Crown Agents is a not-for-profit international development company that works in partnership with our clients to design and implement practical solutions to their needs. We work with ministries, governments, institutions, donors, foundations, philanthropists and the private sector to tackle the complex challenges they face, whether that is seeking to meet the Sustainable Development Goals (SDGs), responding to international crises, improving the quality of life and opportunities for their citizens, or responding to the needs of a global pandemic.

Our values are courage and authenticity: courage to work in the most challenging contexts and be a disruptor in the face of corruption and complexity; authenticity to ensure that the solutions we help develop are grounded in a solid understanding of our client's needs and will last the test of time. Whether they are ensuring that vital medical supplies get to paramedics and hospitals in a warzone, ensuring local humanitarian organisations across Myanmar are set up to respond to the additional challenges of the Covid-19 outbreak or negotiating the best possible price for cancer drugs for the Government of Ukraine, our people around the globe are committed to achieving a lasting impact in the work that they do.

Often, we work behind the scenes, patiently addressing the 'nuts and bolts' core matters, supporting governments and other clients to resolve practically challenging and politically difficult issues that hold back faster and greater progress. What defines Crown Agents' approach is the way we combine technical expertise and decades of delivery experience with deeply rooted insight that comes from our global footprint and the strong relationships with governments and other stakeholders in the places where we work. We believe there is something unique that comes from our longstanding approach of combining private sector agility with a public service ethos.

We have three broad areas of expertise: supply chain delivery; government system strengthening; and project and fund management. In practice, the services we provide to our clients often draw from across these three, depending on the specific challenges to be addressed: responding to Covid-19; accelerating progress on the most off-track SDGs; or shifting to low carbon development strategies.

In a world of ongoing volatility, uncertainty, complexity and ambiguity Crown Agents is proud to bring its vast experience in operations and systems change to respond to and resolve many of the world's greatest challenges.

The Crown Agents' Global Code of Conduct is our core document which encompasses our corporate responsibility statement and has been approved by the Board of Crown Agents. The Global Code of Conduct is an umbrella framework for the Crown Agents Group which addresses the demands and expectations related to corporate social responsibility of our business, partners, donors and stakeholders. It encompasses our ethical, legal, equal opportunities, safeguarding, human rights, labour rights and other policies and has been communicated to all staff.

Further information on our corporate responsibility can be found in the Strategic Report.

Subsidiaries and Branches outside the UK

As listed in note 9 of these financial statements, The Crown Agents Foundation has 1 direct subsidiary, Crown Agents LImited. Crown Agents Limited has 20 subsidiaries as well as branches in Bangladesh, Ethiopia, Japan, Kyrgyzstan, Lebanon, Mozambique, Myanmar, Nepal, the Philippines, Singapore, Sierra Leone, South Sudan, and the Ukraine. Through this network we have active delivery offices in 21 countries, enabling us to act swiftly in a way that is responsive to local contexts.

Dividends

The Crown Agents Foundation is not-for-profit. Any surpluses are reinvested into the work we do, and as such no dividends were proposed for the year ended 30 June 2022 (2021: nil).

Research and development

No amounts were spent on research and development during the year ended 30 June 2022 (2021: nil).

Political donations and political expenditure

No political donations were made during the year ended 30 June 2022 (2021: 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. 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 and a warehouse in Liverpool. There was no UK business travel. Crown Agents Limited 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:

	2022 kgCO2e	**2022 kWh**	2021 kgCO2e	2021 kWh
Electricity	**5,745**	**217,455**	8,033	302,207
Gas	**13,242**	**73,024**	15,284	83,336
Total	**18,987**	**290,479**	23,317	385,543

Our carbon footprint has more than halved, as our electricity provider has moved to Green Energy UK Limited which provides 100% green and sustainable energy.

The Board of Crown Agents Limited has recently agreed a Carbon Reduction Plan, a summary of which is published on their website.

Crown Agents Limited has conducted a comprehensive audit of their carbon emissions from a baseline year of 2018-19 in order to get a full understanding of our business-as-usual carbon footprint before the impacts of the Covid-19 lockdown. They have adopted a carbon reduction plan to achieve net zero by 2050, with a range of short- and long-term measures and milestones established for our journey to net zero. The measures they are undertaking include sourcing renewable energy for our offices, supporting green commuting and homeworking, and waste reduction policies.

The Group is also engaged in a range of projects focused on facilitating low carbon transitions, including Solar4Health. In this programme, Crown Agents aims to raise over $160 million to improve health outcomes for 90 million vulnerable people. This will be done through enabling the climate-compatible, sustainable solar electrification of 10,000 healthcare facilities across 15 countries in sub-Saharan Africa.

https://www.crownagents.com/wp-content/uploads/2021/09/Solar4Health-Brochure.pdf

Future developments

Future developments have been referred to in the President's Report on pages 5 to 7 and the Strategic Report on pages 8 to 16.

Financial risk management

Financial risk management is described on page 64.

Independent auditors

Crowe U.K. LLP have indicated their willingness to continue in office.

Going Concern

Noting the recent strong performance and 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. We have diversified our income to a broader range of clients and donors, and secured a £3m committed banking facility in addition to a £5m working capital facility which will underpin our growth strategy.

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.

The directors therefore have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future being at least twelve months from the date of approval of these financial statements. Accordingly, the financial statements continue to be prepared on the going concern basis.

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial 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, Crowe U.K. LLP, have indicated their willingness to continue in office.

Approved by the Council on 20 January 2023 and signed by order of the Council on 20 January 2023 by:

Paul A Batchelor

Paul A Batchelor
President
20 January 2023

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

Opinion

We have audited the financial statements of The Crown Agents Foundation (the "parent company") and its subsidiaries (the "Group") for the year ended 30 June 2022 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated cash flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 June 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 19, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit *procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide* a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the group and the parent company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and financial reporting standards. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the group and parent company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the company for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), anti-fraud, bribery and corruption legislation, taxation legislation and employment legislation. We also considered compliance with local legislation for the group's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of revenue and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit and the Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

N. Hashemi

Naziar Hashemi
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

20th January 2023

Consolidated Income Statement for the year ended 30 June 2022

	Notes	30 June 2022	30 June 2021
		£'000	£'000
Income	1	**62,537**	48,342
Operating Expenditure		(45,918)	(34,037)
Gross surplus		**16,619**	14,305
Administrative expenses		(14,776)	(13,404)
Other income	2	1,444	632
EBITDA†		**3,287**	1,533
Depreciation		(585)	(580)
Amortisation		(129)	(147)
(Loss)/profit on disposal of fixed assets		27	(3)
Total administrative expenses net of other income		(14,020)	(13,502)
Operating surplus	3	**2,599**	803
Share of operating loss of joint ventures and associates		-	(4)
Net interest payable		(220)	(116)
Gain/(loss) on derivative financial instrument		5	(44)
Surplus before taxation		**2,384**	639
Tax charge on surplus	6	(732)	(568)
Surplus for the financial year		**1,652**	71

The accounting policies and notes on pages 32 to 65 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 2022

	Note	30 June 2022	30 June 2021
	Note	**£'000**	£'000
Surplus for the financial year		**1,652**	71
Other comprehensive expense:			
Exchange differences on translating foreign operations		**(563)**	(395)
Actuarial loss on defined benefit pension scheme	15	**(500)**	(608)
Other comprehensive expense		**(1,063)**	(1,003)
Total comprehensive income/(expense) for the year		**589**	(932)

The accounting policies and notes on pages 32 to 65 form an integral part of these financial statements.

Consolidated Balance Sheet as at 30 June 2022

		30 June 2022		30 June 2021	
	Note	**£'000**	**£'000**	£'000	£'000
Fixed assets					
Intangible assets	7		173		315
Tangible assets	8		761		1,080
Investments in associated undertakings	9		23		23
			957		1,418
Current assets					
Debtors (including £103,000 (2021: £106,000) due after one year)	10	21,321		21,608	
Cash advances in segregated accounts	11	65,938		213,316	
Restricted funds	11	1,187		-	
Cash at bank and in hand	11	17,553		7,493	
		105,999		242,417	
Creditors: Amounts falling due within one year	12	(36,286)		(26,793)	
Creditors: Advance procurement funding		(65,938)		(213,316)	
Derivative financial instruments	13	-		(44)	
		(102,224)		(240,153)	
Net current assets			**3,775**		2,264
Total assets less current liabilities			**4,732**		3,682
Provisions for liabilities	14		(759)		(299)
Net assets			**3,973**		3,383
Capital and reserves					
Called up share capital	18	**2,000**		2,000	
Capital reserve		**6,020**		6,020	
Unrestricted funds		**(4,047)**		(4,637)	
Shareholders' funds			3,973		3,383

The financial statements on pages 24 to 31 were approved by the Council on 20 January 2023 and signed on its behalf on 20 January 2023 by:

Paul A. Batchelor

Paul Batchelor
President

The accounting policies and notes on pages 32 to 65 form an integral part of these financial statements.

Company Balance Sheet as at 30 June 2022

Registration Number: 03251167

	Note	30 June 2022	30 June 2021
		£'000	£'000
Fixed assets			
Investments	9	2,000	2,000
		2,000	2,000
Capital and reserves			
Capital reserve	18	**2,000**	2,000

The financial statements on pages 24 to 31 were approved by the Council on 20 January 2023 and signed on its behalf on 20 January 2023 by:

Paul A Batchelor

Paul A Batchelor

President

Consolidated Statement of Changes in Equity for the year ended 30 June 2022

Group	Called-up share capital	Capital reserve	Restricted funds	Unrestricted funds	Shareholders' funds
	£'000	£'000	£'000	£'000	£'000
Balance as at 1 July 2020	**2,000**	**6,020**	**-**	**(3,705)**	**4,315**
Surplus for the financial year	-	-	-	71	**71**
Foreign currency translation (loss)/gain	-	-	-	(395)	**(395)**
Transactions with the owners*	-	-	-	(608)	**(608)**
Total comprehensive expense for the period	**-**	**-**	**-**	**(932)**	**(932)**
Balance as at 30 June 2021	**2,000**	**6,020**	**-**	**(4,637)**	**3,383**
Surplus for the financial year	-	-	333	1,320	**1,653**
Foreign currency translation loss	-	-	-	(563)	**(563)**
Actuarial loss on pension scheme	-	-	-	(500)	**(500)**
Transfers between funds	-	-	(333)	333	**-**
Total comprehensive income for the year	**-**	**-**	**-**	**590**	**590**
Balance as at 30 June 2022	**2,000**	**6,020**	**-**	**(4,047)**	**3,973**

* During the prior 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 32 to 65 form an integral part of these financial statements.

Company Statement of Changes in Equity for the year ended 30 June 2022

Company	**Capital reserve**
	£'000
Balance as at 1 July 2020	2,000
Result for the financial period	-
Total comprehensive income for the period	**-**
Balance as at 30 June 2021	**2,000**
Result for the financial year	-
Total comprehensive income for the year	**-**
Balance as at 30 June 2022	**2,000**

The accounting policies and notes on pages 32 to 65 form an integral part of these financial statements.

Consolidated cash flow statement for the year ended 30 June 2022

	Note	30 June 2022	30 June 2021
		£'000	£'000
Net cash inflow from operating activities		**(132,828)**	154,163
Taxation		**(1,046)**	11
Net cash (used)/generated in operating activities		**(133,874)**	154,174
Cash flow from investing activities			
Interest received		**1**	3
Purchase of tangible assets		**(94)**	(88)
Pension contributions		**(500)**	(608)
Sale of tangible assets		**33**	-
Net cash used in investing activities		**(560)**	(693)
Cash flow from financing activities			
Interest paid		**(221)**	(119)
Net cash used in financing activities		**(221)**	(119)
Net (decrease)/increase in cash and cash equivalents		**(134,655)**	153,362
Cash and cash equivalents at the beginning of the year		**218,565**	65,991
Exchange losses on cash and cash equivalents		**(732)**	(788)
Cash and cash equivalents at the end of the year		**83,178**	218,565
Cash and cash equivalents consist of:			
Cash at bank and in hand	11	**17,553**	7,493
Cash advances in segregated accounts	11	**65,938**	213,316
Restricted cash	11	**1,187**	-
Trade credit facility utilised	12	**(1,500)**	(2,244)
		83,178	218,565

The accounting policies and notes on pages 32 to 65 form an integral part of these financial statements.

Net cash inflow/(outflow) from operating activities

		30 June 2022	30 June 2021
	Note	**£'000**	£'000
Surplus for the financial year		**1,652**	71
Tax charge	6	**732**	568
Foreign currency translation		**6**	400
Depreciation, amortisation and impairment charges	7, 8	**714**	727
(Profit)/loss on disposal of fixed assets		**(27)**	3
Decrease/(increase) in debtors	10	**391**	(1,702)
(Decrease)/increase in advance procurement funding		**(147,378)**	152,030
Increase in creditors	12	**10,446**	2,500
(Increase)/decrease in derivative financial instruments	13	**(44)**	44
Increase/(decrease) in provisions	14	**460**	(598)
Net interest payable		**220**	116
Share of operating loss of joint ventures and associates		**-**	4
Net cash (outflow)/inflow from operating activities		**(132,828)**	154,163

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 people 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 recent strong performance and 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. We have diversified our income to a broader range of clients and donors, and secured a £3m commmitted banking facility in addition to a £5m working capital facility which will underpin our growth strategy.

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.

The directors therefore have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future being at least twelve months from the date of approval of these financial statements. Accordingly, the financial statements continue to be prepared on the going concern basis.

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.

The following subsidiaries are exempt from audit:

Crown Agents Services Ltd
Crown Agents Japan Ltd
Four Millbank Holdings Ltd
Four Millbank Nominees Ltd
Great Peter Nominees Ltd
Crown Agents Europe B.V.
LLC Crown Agents Ukraine

d) Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its branches and subsidiary undertakings together with the Group's share of the results of associates made up to 30 June 2022.

A branch is not separate from, but is part of a company that is established to carry on the business of that company, usually in a different loaction to head office. The results, assets and liabilities of branches are included in company financial statements and also in the Group consolidated financial statements. 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) Income recognition

For all income 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 income is calculated excluding VAT.

(i) Long term contracts

Income from long term contracts is recognised when the outcome of the contract involving the rendering of services can be estimated reliably. Income 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 income 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.

(v) Donations

Donations are recognised in incoming resources in the year in which they are received or receivable.

(vi) Grants

Grant income received includes may donor-imposed conditions which must be fulfilled before the Group becomes entitled to use such income. Accordingly, such income is deferred and not included in incoming resources until the preconditions for use are met.

(vii) Restricted income

When donors specify that donations and grants are for restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in incoming resources of restricted funds when receivable.

(viii) Donated services and facilities

Donated services or facilities are recognised as income when the Group has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. On receipt, donated services and facilities are recognised since the value of the gift to the Group which is the amount the Group would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised as expenditure in the period of receipt.

g) 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.

h) 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.

i) 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 24 months.

j) 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.

k) 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.

The Group's policy is to capitalise any asset with a useful life of two or more years and a a purchase price of over £1,000. Laptops and tablets with a purchase price over £300 are also capitalised. Motor vehicles and other programme assets that are not the property of the Group are not recognised in the financial statements, although they are tracked through project asset registers as appropriate.

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 years
Computer equipment – Enterprise costs	5 years
Motor vehicles	4 years
Plant and machinery	5 years

l) Borrowing costs

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

m) 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 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.

n) 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.

o) 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.

p) 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.

q) 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.

r) 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.

s) 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.

Reserves are that part of the Company's or it's subsidiaries' unrestricted funds that are freely available to spend on any of the Group's purposes. Restricted funds are not part of reserves, as they can only be utilised against the purpose they have been restricted to.

t) 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.

u) 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 17.

(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) Grant accounting

The classification of grant income involves management making judgements with respect to the substance of a grant. This includes whether income received as a grant has sufficient performance obligations attached that the grant should be classified as a performance grant, which means that grant income is deferred until such performance obligations have been met. A judgement may also be required when assessing whether performance obligations have been satisfied.

(iv) 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.

(v) 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 Income

Income is generated through the provision of services or receipt of donations. In the opinion of the directors disclosure of income by class of business would be prejudicial to the interests of the Group. Income is reported based on the country in which the order is delivered. Included within income is £8,114,000 restricted grant income and £646,000 restricted donations received by CAID to support CAID's work responding to the crisis in Ukraine and the Covid-19 pandemic.

	2022	2021
	%	%
Africa	**48**	58
Europe and the Middle East	**37**	23
Asia and the Pacific	**13**	16
Caribbean, Atlantic and the Americas	**2**	3
	100	100

2 Other income

	2022	2021
	£'000	£'000
Insurance claim income	**1,444**	-
Income arising on dispute	-	632

During the year payment of £1,444,000 net of costs was awarded with respect to an insurance claim. During the prior year a dispute was settled which resulted in an inflow of £632,000 net of costs incurred.

3 Operating profit

Operating profit is stated after (crediting)/charging:

	2022	2021
	£'000	£'000
Depreciation	**585**	580
Amortisation of intangible assets	**129**	147
Operating lease charges	**1,784**	1,556
(Gain)/loss on disposal of tangible assets	**(27)**	3
Foreign currency (gains)/losses	**410**	404

A foreign currency loss of £563,000 (2021: £395,000 loss) 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:

	2022	2021 (restated)
	£'000	£'000
Fees payable to the Company's auditors and its associates for the audit of the Company and consolidated financial statements	-	-
Fees payable to the Company's auditors and its associates for other services:		
The audit of the Company's subsidiaries' annual financial statements	**165**	101
Other non-audit services	**19**	31
	184	132

4 Other finance costs

	2022	2021
	£'000	£'000
Pension scheme (see note 17)		
Interest cost	**4,600**	3,870
Expected return on scheme assets	**(4,600)**	(3,870)
	-	-

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:

	2022	2021
	No.	No.
Operations	**316**	367
Administration	**65**	60
	381	427

Staff costs during the year/period were as follows:

	2022	2021
	£'000	£'000
Wages and Salaries	**15,675**	14,928
Social security costs	**1,996**	1,204
Other pension costs	**1,191**	1,215
Termination payments	**309**	120
Total staff costs	**19,171**	17,467

Directors' remuneration

The Foundation Council Members receive no remuneration. The Directors' remuneration for the directors of Crown Agents Limited for the year/period was as follows:

	2022	2021
	£'000	£'000
Aggregate Emoluments	**461**	444
Amounts paid to money purchase schemes	**68**	49

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

	2022	2021
	No.	No.
Accruing benefits under money purchase pension scheme	**3**	3

In respect of the highest paid Director:

	2022	2021
	£'000	£'000
Aggregate Emoluments	**190**	205
Amounts paid to money purchase scheme	**44**	25

6 Income tax

a) Tax expense included in profit or loss

	2022	2021
	£'000	£'000
Current tax		
UK Corporation tax on result for the year	**-**	-
Foreign corporation tax on profits for the year	**844**	906
Total current tax charge	**844**	906
Deferred tax		
Origination and reversal of timing differences	**(32)**	(335)
Adjustment in respect of prior periods	**108**	(3)
Change in tax rates	**(188)**	-
Total deferred tax	**(112)**	(338)
Total tax charge on profit on ordinary activities	**732**	568

Reconciliation of tax charge

Factors affecting current tax charge for the year:

Tax on profit on ordinary activities for the year is higher (2020: higher) than the standard rate of corporate tax in the UK of 19% (2020: 19%).

The differences are reconciled below:

	2022	2021
	£'000	£'000
Profit on ordinary activities before tax	**2,384**	639
Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2020: 19%)	**453**	121
Effects of:		
Income not chargeable for tax purposes	**(107)**	-
Expenses not deductible for tax purposes	**34**	17
Impact of overseas tax rates	**110**	311
Adjustment in respect of prior years	**108**	(3)
Remeasurements of deferred tax – change in UK tax rate	**(188)**	-
Unrelieved tax losses	**322**	122
Total tax charge	**732**	568

At the period end the Group had unrecognised deferred tax assets of £9,366,000 in respect of trading losses carried forward.

7 Intangible assets

Group

	Software
	£'000
Cost	
At 1 July 2021	1,408
Additions	-
Disposals	(28)
Exchange adjustments	-
At 30 June 2022	**1,380**
Accumulated Amortisation	
At 1 July 2021	1,093
Charge for the year	129
Eliminated on disposals	(15)
Exchange adjustments	-
At 30 June 2022	**1,207**
Net book value	
At 30 June 2022	**173**
At 30 June 2021	315

8 Tangible assets

Group

	Freehold land	Plant and Machinery	Motor vehicles, fixtures and fittings, office equipment	Computer equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 July 2021	142	161	2,958	975	4,236
Additions	-	-	159	89	248
Disposals	-	-	(629)	-	(629)
Foreign exchange	-	(2)	8	5	11
At 30 June 2022	**142**	**159**	**2,496**	**1,069**	**3,866**
Accumulated Depreciation					
At 1 July 2021	-	6	2,313	837	3,156
Charge for the year	-	65	415	105	585
Eliminated on disposals	-	-	(625)	-	(625)
Foreign exchange	-	2	(10)	(3)	(11)
At 30 June 2022	**-**	**73**	**2,093**	**939**	**3,105**
Net Book Value					
At 30 June 2022	**142**	**86**	**403**	**130**	**761**
At 30 June 2021	142	155	645	138	1,080

9 Investments held as fixed assets

Group	**Interest in associates**	
	2022	2021
	£'000	£'000
Cost		
At 30 June	**38**	38
Share of post-acquisition profits/(losses)		
At 1 July	**(21)**	(17)
Share of current year results	**-**	(4)
At 30 June	**(21)**	(21)
Net book value		
At 30 June	**17**	17

	Interest in Joint Ventures	
	2022	2021
	£'000	£'000
Cost		
At 1 July	**11**	11
Additions	**-**	-
Disposals	**-**	-
At 30 June	**11**	11
Share of post-acquisition losses		
At 1 July	**(5)**	(5)
Dividend received	**-**	-
Share of current year results	**-**	-
At 30 June	**(5)**	(5)
Net book value		
At 30 June	**6**	6
Total		
At 30 June	**23**	23

Company	Investments in Group undertakings	
	2022	2021
	£'000	£'000
Cost		
At 1 July	**2,000**	2,000
At 30 June	**2,000**	2,000
Provision for impairment		
At 1 July	-	-
At 30 June	-	-
Net book value		
At 30 June	**2,000**	2,000

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.

Subsidiary and associated undertakings

Subsidiaries	Main business	Country of registration or incorporation	% of shares held	Registered Address
Crown Agents Limited	Procurement and consultancy	England	100	Blue Fin Building, 110 Southwark Street, London, SE1 0SU
Crown Agents USA Inc.	Procurement & consultancy	USA	100	1129 20th Street, NW, Suite 500, Washington, DC 20036, USA
Crown Agents Services Ltd	Supplies services	England	100	Blue Fin Building, 110 Southwark Street, London, SE1 0SU
Greenshields, Cowie & Co Ltd	Cargo movement	England	100	Blue Fin Building, 110 Southwark Street, London, SE1 0SU
Crown Agents Kenya Ltd	Procurement & consultancy	Kenya	100	Applewood Park, Suite 108, Off Wood Avenue, Kilimani, Nairobi, Kenya
Crown Agents Uganda Ltd	Procurement & consultancy	Uganda	100	Plot 4A, Katali Rise, Naguru, Kampala, Uganda
Crown Agents Ghana Ltd	Procurement & consultancy	Ghana	100	Shippers House, 4th Floor, Ridge, Ambassadorial Enclave, Accra, Ghana
Crown Agents Investment Ghana Ltd	Procurement & consultancy	Ghana	100	Shippers House, 4th Floor, Ridge, Ambassadorial Enclave, Accra, Ghana
Crown Agents Inspections Pvt Ltd	Inspections	India	100	405, International Trade Tower, New Delhi 110 019, India
Crown Agents Japan Ltd	Procurement & consultancy	Japan	100	1st Floor, Sabo Kaikan Honkan, 2-7-5 Hirakawacho, Chiyoda-ku, Tokyo 102-0093
Four Millbank Holdings Ltd	Dormant holding company	England	100	Blue Fin Building, 110 Southwark Street, London, SE1 0SU
Four Millbank Nominees Ltd	Dormant nominee company	England	100	Blue Fin Building, 110 Southwark Street, London, SE1 0SU
Great Peter Nominees Ltd	Dormant nominee company	England	100	Blue Fin Building, 110 Southwark Street, London, SE1 0SU
Crown Agents Nigeria Ltd	Procurement & consultancy	Nigeria	99	No. 44 Durban Street, Wuse II, Abuja FCT, Nigeria
Crown Agents Zimbabwe Ltd	Procurement & consultancy	Zimbabwe	100	Standards Association Building, Northend Close, Northridge Park, Borrowdale, Harare, Zimbabwe
CAZIM Pharmaceuticals (Private) Limited	Procurement & storage	Zimbabwe	49	Standards Association Building, Northend Close, Northridge Park, Borrowdale, Harare, Zimbabwe
CAIPA Ltd	Procurement & consultancy	England	65	Blue Fin Building, 110 Southwark Street, London, SE1 0SU
Crown Agents Europe B.V.	Business education & training	The Netherlands	100	Prinses Margrietplantsoen 33, 2595 AM 's-Gravenhage
LLC Crown Agents Ukraine	Procurement & consultancy	Ukraine	100	42-44 Shovkovychna Street, Pecherskiy District, 01004, Kyiv
Crown Agents USA Inc Limited	Project delivery	Zambia	100	Aquarius House, Lusaka Arcades, Katimamulilo Road, Lusaka, Zambia.
Crown Agents International Development	Charitable company	England	100	Blue Fin Building, 110 Southwark Street, London, SE1 0SU
Crown Agents Poland Sp.z.o.o	Procurement & Consultancy	Poland	100	ul. Rogozińskiego 6, I p. Graffit House, office no: 123, 31-559 Kraków
Associates and Joint Ventures				
CA International Trade and Logistics Inc	International Trade	Turkey	50	Gazi Mahallesi, 2. Cadde Bulvar, Apr. 1-2, Yenisehir Mersin.
Greenshields Project Cargo SRL	Cargo movement	Italy	25	Via Salvatore Orlando n.3, Livorno (LI), 57123, Italy
CB Prime Source Limited	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 shareholdings are held in ordinary shares. All subsidiaries are consolidated. Crown Agents Limited is directly owned by the Foundation. All other subsidiaries' shares are held by Crown Agents Limited or its subsidiaries.

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

10 Debtors

	Group		Company	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Trade Debtors	**4,471**	2,429	-	-
Amounts owed by Group undertakings	-	-	-	-
Other debtors	**3,733**	3,333	-	-
Deferred tax	**1,871**	1,767	-	-
Prepayments and accrued income	**11,246**	14,079	-	-
	21,321	21,608	-	-

Trade debtors are shown net of provisions of £1,797,000 (2021: £1,254,000).

Included in other debtors are office deposits repayable in more than one year at group level of £103,000 (2021: £106,000).

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 £596,000 (2021: £783,000).

	2022	2021
Deferred tax asset	**£'000**	£'000
Accelerated capital allowances	**223**	192
Other timing differences	**154**	154
Trading losses carried forward	**1,494**	1,421
Total deferred tax asset	**1,871**	1,767

	£'000	£'000
At 1 July	**1,767**	1,443
Opening balance adjustments	**108**	(3)
Deferred tax credit in consolidated income statement excluding pension	**(4)**	327
At 30 June	**1,871**	1,767

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	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Cash and bank balances	**17,553**	7,493	-	-
Restricted cash	**1,187**	-	-	-
Cash in segregated accounts	**65,938**	213,316	-	-
	84,678	220,809	-	-

Restricted cash

The Group is in receipt of donations and grants which are restricted and can only be used for the purposes they were donated or granted for. As at 30 June 2022, £1.2m (30 June 2021: nil) cash was restricted.

Segregated accounts:

The Group has cash balances that are held in segregated supplier accounts where the Group acts as an agent to another party. As at 30 June 2022, £65.9m (30 June 2021: £213.3m) was held in segregated supplier accounts.

12 Creditors: Amounts falling due within one year

	Group		Company	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Trade credit facility	**1,500**	2,244	-	-
Trade creditors	**8,312**	6,095	-	-
Amounts owed to Group undertakings	-	-	-	-
Advance procurement funding	**65,938**	213,316	-	-
Other creditors	**13,872**	11,063	-	-
Taxation and social security	**1,474**	1,651	-	-
Accruals and deferred income	**11,128**	5,740	-	-
	102,224	240,109	-	-

Trade credit facility

At the balance sheet date Crown Agents Limited had access to an £8m uncommitted trade credit facility with Citibank Europe plc. Subsequent to the year end, Crown Agents Limited renewed its £8m facility with Citi.

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

13 Financial Instruments by category

Group

The Group has the following financial instruments:

Financial assets	Note	Assets at FVTPL[1]	Financial assets at amortised cost	**Total**
2022		£'000	£'000	**£'000**
Trade debtors	10	-	4,471	**4,471**
Other debtors	10	-	3,733	**3,733**
Cash and cash equivalents	11	-	84,678	**84,678**
		-	92,882	**92,882**
2021		£'000	£'000	£'000
Trade debtors	10	-	2,429	**2,429**
Other debtors	10	-	3,333	**3,333**
Cash and cash equivalents	11	-	220,809	**220,809**
		-	226,571	**226,571**

Financial liabilities	Note	Liabilities at FVTPL[1]	Financial liabilities at amortised cost	**Total**
2022		£'000	£'000	**£'000**
Trade credit facility	12	-	1,500	**1,500**
Trade creditors	12	-	8,312	**8,312**
Derivative financial instruments		-	-	**-**
Other creditors	12	-	79,811	**79,811**
		-	89,623	**89,623**
2021				
Trade credit facility	12	-	2,244	**2,244**
Trade creditors	12	-	6,095	**6,095**
Derivative financial instruments		44	-	**44**
Other creditors	12	-	224,379	**224,379**
		44	232,718	**232,762**

[1] 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 2021	88	211	299
Utilised during the year	(88)	(113)	(201)
Charged to the consolidated income statement	-	661	661
At 30 June 2022	**-**	**759**	**759**

Onerous lease provision

In the prior year the Group maintained a provision for a lease held by the USA subsidiary, Crown Agents USA Inc, which was deemed to be onerous as it is for floorspace in excess of the commercial requirements of the company. The provision was released during the year as the lease expired.

Restructuring and legal provisions

During the year ended 30 June 2022, £113k of provisions were utilised against expenses incurred during the year, and £661k of new expenses were provided for.

15 Fund movement analysis

	Balance at 1 July 2021 £'000	Income £'000	Expenditure £'000	Transfers between funds £'000	**Balance at 30 June 2022 £'000**
Unrestricted Funds	3,383	55,221	(54,964)	333	**3,973**
Total Unrestricted Funds	3,383	55,221	(54,964)	333	3,973
Restricted Funds					
Covid-19 Response	-	306	(291)	(14)	-
Ukraine Crisis Response	-	8,454	(8,136)	(319)	-
Total Restricted Funds	-	8,760	(8,427)	(333)	-
Total Funds	**3,383**	**63,981**	**(63,391)**	**-**	**3,973**

** Transfers between funds is the residual internal cost recovery (ICR) agreed with donors on a range of grants after core costs in the first year of operations have been deducted.*

	Balance at 1 July 2020 £'000	Income £'000	Expenditure £'000	Transfers between funds £'000	**Balance at 30 June 2021 £'000**
Unrestricted Funds	4,315	48,974	(49,906)	-	3,383
Total Unrestricted Funds	4,315	48,974	(49,906)	-	3,383
Restricted Funds	-	-	-	-	-
Total Restricted Funds	-	-	-	-	-
Total Funds	**4,315**	**48,974**	**(49,906)**	**-**	**3,383**

16 Analysis of net assets between funds

	Unrestricted 2022 £'000	Restricted 2022 £'000	**Total 2022 £'000**	Unrestricted 2021 £'000	Restricted 2021 £'000	**Total 2021 £'000**
Fixed assets	967	-	**967**	1,418	-	**1,418**
Current Assets	104,581	2,535	**107,116**	242,417	-	**242,417**
Current Liabilities	(100,816)	(2,535)	**(103,351)**	(240,153)	-	**(240,153)**
Provisions	(759)	-	**(759)**	(299)	-	**(299)**
Net assets	**3,973**	**-**	**3,973**	**3,383**	**-**	**3,383**

17 Post-employment benefits

In the UK, the Group operates the Crown Agents Superannuation Scheme ("CASS") comprising two funds, namely CASS I and CASS II. CASS is a defined benefit scheme with assets held in separate trustee administered funds managed by 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 deferred members 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 2020. As at 31 March 2020, using the method and assumptions agreed by the Trustees, the scheme (combined CASS I and CASS II sections) had assets sufficient to cover 78% of its liabilities, corresponding to a deficit of £68.9 million. 31 March 2020 was a very low point for valuations due to the Covid-19 pandemic. Subsequent to the triennial valuation an actuarial report was carried out as at 31 March 2022 which showed the scheme had assets sufficient to cover 83% of its liabilities, corresponding to a deficit of £49.6 million.

The accounting valuation produced a surplus of £5.9m at 30 June 2022. 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.

£500,000 (2021: £608,000) was paid by the employer by way of contributions during the year and £537,000 (2021: £1,009,000) in payment of expenses. No contributions were payable to the pension scheme at the end of the year (2021: £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. £1,103,000 (2021: £1,141,000) was paid by the employer by way of contributions during the year to 30 June 2022. No contributions were outstanding as due to the pension scheme at the end of the period (2021: £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 14th 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).

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

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

30 June 2022	**CASS I**	**CASS II**	**Combined**
	£'000	**£'000**	**£'000**
Fair value of scheme assets	38,927	156,552	195,479
Present value of scheme liabilities	(25,114)	(164,485)	(189,599)
Net asset/(liability) in the balance sheet	**13,813**	**(7,933)**	**5,880**

30 June 2021	**CASS I**	**CASS II**	**Combined**
	£'000	**£'000**	**£'000**
Fair value of scheme assets	53,941	192,696	246,637
Present value of scheme liabilities	(32,537)	(213,433)	(245,970)
Net asset/(liability) in the balance sheet	**21,404**	**(20,737)**	**667**

Scheme assets

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

	CASS I	CASS II	Combined
	£'000	£'000	£'000
1 July 2021	**53,941**	**192,696**	**246,637**
Benefits paid	(3,543)	(8,811)	(12,354)
Interest income	887	3,677	4,564
Return on plan assets less interest income	(12,332)	(31,521)	(43,853)
Employer contributions	-	842	842
Administration costs	(26)	(331)	(357)
30 June 2022	**38,927**	**156,552**	**195,479**

Analysis of assets

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

30 June 2022	CASS I	CASS II	Combined
	%	%	%
Equity instruments	-	16.03	**12.84**
Liability Driven Investments (LDI)	22.79	17.08	**18.21**
Diversified Growth Fund	-	17.07	**13.67**
Debt instruments	12.14	39.57	**34.11**
Property	0.00	8.69	**6.96**
Cash	0.64	1.56	**1.38**
Insurance	64.43	-	**12.83**
Total	100	100	**100**

30 June 2021	CASS I	CASS II	Combined
	%	%	%
Equity instruments	-	17.81	**13.91**
Liability Driven Investments (LDI)	24.59	17.84	**19.31**
Diversified Growth Fund	0.00	16.86	**13.17**
Debt instruments	14.64	40.49	**34.83**
Property	0.00	5.83	**4.56**
Cash	0.50	1.17	**1.04**
Insurance	60.27	0.00	**13.18**
Total	100	100	**100**

	CASS I	CASS II	Combined
Actual return on scheme's assets			
	£'000	£'000	£'000
Year ended 30 June 2022	**(11,445)**	**(27,844)**	**(39,289)**
12 months ended 30 June 2021	(2,030)	8,355	6,325

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
1 July 2021	**32,537**	**213,433**	**245,970**
Interest cost	**523**	**4,077**	**4,600**
Benefits paid	**(3,543)**	**(8,811)**	**(12,354)**
Experience loss on defined benefit obligation	**185**	**2,939**	**3,124**
Changes to demographic assumptions	**-**	**-**	**-**
Changes to financial assumptions	**(4,588)**	**(47,153)**	**(51,741)**
30 June 2022	**25,114**	**164,485**	**189,599**

Principal actuarial assumptions

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

30 June 2022	**CASS I**	**CASS II**
	%	**%**
Discount rate	**3.85**	**4.00**
Inflation (CPI)	**2.65**	**2.60**
Increases to pension in payment	**2.60**	**2.55**

30 June 2021	**CASS I**	**CASS II**
	%	**%**
Discount rate	**1.70**	**1.95**
Inflation (CPI)	**2.45**	**2.45**
Increases to pension in payment	**2.40**	**2.35**

Post retirement mortality assumptions

	2022	2022	**2021**	**2021**
	CASS I	**CASS II**	**CASS I**	**CASS II**
	Years	**Years**	**Years**	**Years**
Male currently aged 45	**22.8**	**22.8**	22.4	22.4
Female currently aged 45	**25.3**	**25.3**	25.1	25.1
Male currently aged 65	**21.8**	**21.8**	21.5	21.5
Female currently aged 65	**24.2**	**24.2**	23.9	23.9

Amounts recognised in the consolidated income statement

Year ended 30 June 2022	**CASS I**	**CASS II**	**Combined**
	£'000	**£'000**	**£'000**
Amounts recognised in operating profit			
Administration costs paid from scheme assets	26	331	357
Administration costs paid directly by company	-	180	180
Past service costs	-	-	-
Recognised in arriving at operating profit	26	511	537
Amounts recognised in other finance costs			
Interest cost	523	4,077	4,600
Interest on assets	(887)	(3,677)	(4,564)
Interest on assets not recognised	(36)	-	(36)
Recognised in other finance costs	(400)	400	-
Total charge recognised in the consolidated income statement	**(374)**	**911**	**537**

Year ended 30 June 2021	**CASS I**	**CASS II**	**Combined**
	£'000	**£'000**	**£'000**
Amounts recognised in operating profit			
Administration costs paid from scheme assets	-	398	398
Administration costs paid directly by company	-	611	611
Past service costs	-	-	-
Recognised in arriving at operating profit	-	1,009	1,009
Amounts recognised in other finance costs			
Interest cost	509	3,361	3,870
Interest on assets	(867)	(3,013)	(3,880)
Interest on assets not recognised	10	-	10
Recognised in other finance costs	(348)	348	-
Total charge recognised in the consolidated income statement	(348)	348	-

Amounts recognised in the consolidated statement of comprehensive income

Year ended 30 June 2022	**CASS I**	**CASS II**	**Combined**
	£'000	**£'000**	**£'000**
Actual return less expected return on scheme assets	(12,332)	(31,521)	(43,853)
Changes in financial assumptions	4,588	47,153	51,741
Changes in demographic assumptions	-	-	-
Other actuarial gains	(185)	(2,939)	(3,124)
Actuarial gains/(losses) not recognised in consolidated statement of comprehensive income	7,929	(13,193)	(5,264)
Actuarial gains/(losses) recognised in the consolidated statement of comprehensive income	**-**	**(500)**	**(500)**

Year ended 30 June 2021	**CASS I**	**CASS II**	**Combined**
	£'000	**£'000**	**£'000**
Actual return less expected return on scheme assets	(2,897)	5,342	2,445
Changes in financial assumptions	(778)	(1,568)	(2,346)
Changes in demographic assumptions	500	1,045	1,545
Other actuarial gains	385	(3,833)	(3,448)
Actuarial gains/(losses) not recognised in consolidated statement of comprehensive income (restated)	1,804	(608)	1,196
Actuarial gains/(losses) recognised in the consolidated statement of comprehensive income (restated)	**(986)**	**378**	**(608)**

History of experience adjustments on scheme assets and liabilities

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

Experience adjustments:

	CASS I	**CASS II**	**Total**
Year ended 30 June 2022	**£'000**	**£'000**	**£'000**
Loss on plan assets less interest	**(12,332)**	**(31,521)**	**(43,853)**
Experience loss on defined benefit obligation	**(185)**	**(2,939)**	**(3,124)**
Year ended 30 June 2021			
(Loss)/gain on plan assets less interest	(2,897)	5,342	2,445
Experience gain/(loss) on defined benefit obligation	385	(3,833)	(3,448)

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.

Adjustment to financial assumptions	Approximate effects on liabilities
Discount rate	
Plus 0.5%	(£9.6m)
Minus 0.5%	£11.4m
Inflation	
Plus 0.5%	£10.5m
Minus 0.5%	(£8.0m)
Life expectancy	
Plus 1 year	£6.2m
Minus 1 year	(£6.2m)

18 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.

19 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 2022 was £2.0m (2021: £4.5m).

20 Commitments

Capital commitments

There were no amounts contracted for but not provided in the financial statements at 30 June 2022 (30 June 2021: £nil).

Operating leases

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

	Group		Company	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Within one year	**1,713**	1,530	-	-
One to five years	**2,886**	3,895	-	-
Over five years	**-**	-	-	-
	4,599	5,425	-	-

21 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.

Crown Agents Limited pays £7,500 for a corporate membership of Japan 21st Century of which David Richardson is also a Director.

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:

	2022	2021
	£'000	£'000
Salaries and other short-term benefits	**1,372**	1,144
Post-employment benefits	**204**	148
	1,576	1,292

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.

	% of nominal value of shares held	Sales to related party	Purchases from related party	Amounts owed by related party
		£'000	£'000	£'000
Crown Agents Nigeria Ltd	99%	503	317	935

22 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 Assurance Committee, which seeks to limit any adverse effects on financial performance.

Liquidity risk, credit risk and currency 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. During the financial year Crown Agents Limited extended its £5m working capital facility with Citibank Europe plc to £8m to meet a surge in demand in programming, which provided the group with additional liquidity to meet the demands of its 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 weekly basis by the Chief Financial Officer who reports any material concerns to the Executive Committee and the Board of Crown Agents Limited.

(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.

23 Post balance sheet events

After the balance sheet date Crown Agents Limited renewed its £3m committed lending facility with Citibank N.A. and £5m uncommitted trade advance facility with Citibank Europe plc providing ongoing liquidity and flexibility, underpinning our ongoing growth.

24 Ultimate Parent Undertaking and Controlling Party

The immediate and ultimate parent undertaking and ultimate controlling party 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 2022 and 30 June 2021. 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.