

The Amphion Group Limited

FINANCIAL STATEMENTS

for the year ended

31 December 2015



The Amphion Group Limited
DIRECTORS, OFFICERS AND ADVISORS

DIRECTORS

Mr P Young
Mr W S Morrison (appointed Executive Chairman 23 February 2016) -
Mr R Slee (Chairman)
Sir M Rifkind (Non-executive)
Mr L Bunni
Mr A Shrivastava
Mr J Pell
Mr K Prince
Mr R George

SECRETARY

Mr P Young

COMPANY NUMBER

5662199 (England and Wales)

REGISTERED OFFICE

240 Blackfriars Road
London
SE1 8NW
United Kingdom

AUDITOR

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP)
Marlborough House
Victoria Road South
Chelmsford
CM1 1LN
United Kingdom

The Amphion Group Limited

DIRECTORS' REPORT

The Directors present their Annual Report on the affairs of The Amphion Group Limited (hereafter "the Company"), together with the accounts and the auditor's report for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the company is holding an interest in the trading company Adam Smith International Limited.

RESULTS AND DIVIDENDS

Turnover for the year was nil. Loss on ordinary activities before taxation was £80,200 (2014: Profit of £9,856,699).

No dividends were paid during the current year to Adam Smith Advisory Group Limited (2014: £8m).

THIRD PARTY INDEMNITY INSURANCE PROVISION FOR DIRECTORS

Qualifying third party indemnity insurance provision was in place for the benefit of all directors of the company.

DIRECTORS

The following directors have held office since 1 January 2015.

Mr P Young

Mr W S Morrison (appointed Executive Chairman 23 February 2016)

Mr S Slee (Chairman)

Sir M Rifkind (Non-executive)

Mr L Bunni

Mr A Shrivastava

Mr J Pell

Mr K Prince (appointed 22 March 2016)

Mr R George (appointed 22 March 2016)

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.


AUDITOR

The auditor, RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), Chartered Accountants has indicated its willingness to continue in office.

This report has been prepared in accordance with the provisions of the Companies Act 2006 applicable to companies subject to the small companies regime.

240 Blackfriars Road
London
SE1 8NW
United Kingdom
(registered office)

On behalf of the Board



Mr W S Morrison
Executive Chairman

17th June 2016

Date

The Amphion Group Limited

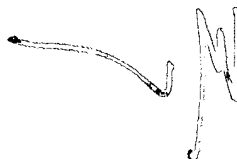
DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent; and
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



We have audited the financial statements on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement on page 3, the directors are responsible for preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the audit scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

RSM UK Audit Ltd

ANDREW MONTEITH

(Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP (formerly BAKER TILLY UK AUDIT LLP), Statutory Auditor

Chartered Accountants

Marlborough House

Victoria Road South

Chelmsford

Essex

CM1 1LN

United Kingdom

20th June 2016.

The Amphion Group Limited
STATEMENT OF INCOME AND RETAINED EARNINGS
for the year ended 31 December 2015

	<i>Notes</i>	2015 £	2014 £
TURNOVER		-	-
Cost of sales		-	-
GROSS PROFIT		-	-
Other operating expenses (net)	1	(3,180)	(295)
OPERATING LOSS		(3,180)	(295)
Income from shares in group undertakings		-	10,000,000
Interest receivable from group undertakings		553,328	120,841
		550,148	10,120,546
Interest payable to group undertakings		(630,348)	(263,847)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(80,200)	9,856,699
Taxation	3	16,241	30,810
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(63,959)	9,887,509
RETAINED EARNINGS AS AT 1st JANUARY		9,729,043	7,841,534
(Loss) / Profit on ordinary activities after taxation		(63,959)	9,887,509
Dividends paid		-	(8,000,000)
RETAINED EARNINGS AS AT 31st DECEMBER		9,665,084	9,729,043

The operating loss for the year arises from the Company's continuing operations.


The Amphion Group Limited
STATEMENT OF FINANCIAL POSITION
31 December 2015

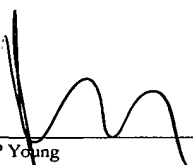
Company Registration No. 5662199

	Notes	2015 £	2014 £
FIXED ASSETS			
Investment in Subsidiaries	5	12,093,835	12,093,835
CURRENT ASSETS			
Debtors	6	22,906,025	6,584,456
Cash at bank and in hand		32,167	1,301
		<u>22,938,192</u>	<u>6,585,757</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	7	(25,037,559)	(8,621,165)
NET CURRENT LIABILITIES		<u>(2,099,367)</u>	<u>(2,035,408)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		9,994,468	10,058,427
NET ASSETS		<u>9,994,468</u>	<u>10,058,427</u>
CAPITAL AND RESERVES			
Called up share capital	8	242,384	242,384
Capital Redemption Reserve	8	87,000	87,000
Profit and loss account	8	<u>9,665,084</u>	<u>9,729,043</u>
TOTAL EQUITY		<u>9,994,468</u>	<u>10,058,427</u>

These accounts have been prepared in accordance with the provisions of the Companies Act 2006 applicable to companies subject to small companies regime.

The financial statements on pages 5 to 11 were approved by the board of directors and authorised for issue on 17th June 2016 and signed on its behalf by:


Mr W S Morrison
Executive Chairman


Mr P Young
Director

The Amphion Group Limited

ACCOUNTING POLICIES

31 December 2015

GENERAL INFORMATION

The Amphion Group Limited ("the Company") is a limited company domiciled and incorporated in England. The address of the Company's registered office and principal place of business is 240 Blackfriars Road, London, SE1 8NW. The Company's principal activities and nature of operations are set out within the Director's Report.

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are presented in sterling which is the functional currency of the company. Monetary amounts in these financial statements are recorded to the nearest £1, except where otherwise indicated.

The financial statements have been prepared on the historical cost convention modified to include the revaluation of certain financial instruments to fair value. The principal accounting policies adopted are set out below.

Whilst some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP, the accounting policies adopted by the directors are consistent with previous UK GAAP. Consequently the only changes the directors have made on transition to FRS 102 relate to the presentation and disclosure of the primary statements and notes

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

These financial statements are the first financial statements of The Amphion Group Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of The Amphion Group Limited for the year ended 31st December 2014 were prepared in accordance with previous UK GAAP.

GOING CONCERN

The Company has a net current liability balance as at 31st December 2015 of £2.1m (2014: £2.0m); the company has met its day-to-day working capital requirements through day-to-day support from its subsidiary undertaking Adam Smith International Limited, which is expected to continue for the foreseeable future. The directors therefore consider it appropriate to prepare the financial statements on the going concern basis.

TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Taxable losses are brought from group companies, at the appropriate tax rates paid by the relevant company:

The Amphion Group Limited

ACCOUNTING POLICIES (Continued)

31 December 2015

INVESTMENT IN SUBSIDIARIES

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in profit and loss.

GROUP ACCOUNTS

The accounts present information about the company as an individual undertaking and not about its group, as the company has taken advantage of the exemptions not to prepare group accounts on the grounds that The Amphion Group Limited is a wholly owned subsidiary and its immediate parent undertaking is preparing group accounts.

FINANCIAL INSTRUMENTS

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

FINANCIAL ASSETS

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through profit or loss are measured at fair value.

FINANCIAL ASSETS AT AMORTISED COST

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

FINANCIAL LIABILITIES

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

DERECOGNITION OF FINANCIAL LIABILITIES

Financial liabilities are derecognised when, and only when, the group's obligations are discharged, cancelled, or they expire.

EQUITY INTERESTS

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

REDUCED DISCLOSURES

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosures requirements:

Section 7 'Statement of Cash Flow' - Presentation of a Statement of Cash Flow and related notes and disclosures.

Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' - Carrying amounts, interest income/expense and net gains /losses for each category of financial instrument.

Section 33 'Related Party Disclosure' - Compensation for key management personnel.

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Directors are of the opinion that there are no estimates or judgements within these financial statements that can cause a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The Amphion Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

1 OTHER OPERATING EXPENSES (NET)	2015	2014
	£	£
Administrative expenses	<u>3,180</u>	<u>295</u>
2 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2015	2014
	£	£
(Loss)/profit on ordinary activities before taxation is stated after charging:		
Auditor's remuneration		
Statutory audit fees	<u>4,500</u>	<u>4,500</u>
3 TAXATION	2015	2014
	£	£
Current tax		
U.K. corporation tax:		
Group relief payments received	<u>(16,241)</u>	<u>(30,810)</u>
Total current tax	<u>(16,241)</u>	<u>(30,810)</u>
Deferred tax:		
Origination and reversal of timing differences	<u>-</u>	<u>-</u>
Total deferred tax	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	<u>(16,241)</u>	<u>(30,810)</u>
(Loss)/profit on ordinary activities before taxation	<u>(80,200)</u>	<u>9,856,699</u>
(Loss)/ profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.25% (2014: 21.5%)	(16,241)	2,119,190
Effects of:		
Group income not taxable	-	(2,150,000)
Group relief surrendered	16,241	30,810
Receipt for group relief	<u>(16,241)</u>	<u>(30,810)</u>
Tax credit for the year	<u>(16,241)</u>	<u>(30,810)</u>
4 DIVIDENDS		
Ordinary:		
No Interim dividend paid during the year to Adam Smith Advisory Group Limited (2014: A dividend of £33.005 per share paid).	<u>-</u>	<u>8,000,000</u>
5 INVESTMENT IN SUBSIDIARIES	2015	
	£	
At beginning of year	12,093,835	
At end of year	<u>12,093,835</u>	
Details of the investments in subsidiaries is included in note 11.		

The Amphion Group Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2015

6 DEBTORS	2015	2014
	£	£
Amounts falling due within one year:		
Amounts due from group undertakings	22,783,935	6,478,607
Other debtors	122,090	105,849
	<u>22,906,025</u>	<u>6,584,456</u>
7 CREDITORS: Amounts falling due within one year	2015	2014
	£	£
Amounts due to group undertakings	25,033,059	8,616,665
Accruals and deferred income	4,500	4,500
	<u>25,037,559</u>	<u>8,621,165</u>
8 SHARE CAPITAL & RESERVES	2015	2014
SHARE CAPITAL:	£	£
Allotted, issued and fully paid:		
242,384 ordinary shares of £1 each	<u>242,384</u>	<u>242,384</u>

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

RESERVES

Reserves of the company represent the following:

Capital Redemption Reserve

The nominal value of shares repurchased and still held at the end of the reporting period.

Retained earnings

Cumulative profit and loss net of distributions to owners.

9 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption conferred by Financial Reporting Standards No. 102 from the requirement to make disclosures concerning other group companies, since it is a wholly owned subsidiary of a company preparing consolidated financial statements.

10 CONTROL

The ultimate and immediate holding company is Adam Smith Advisory Group Limited, a company incorporated in England and Wales. The registered address for The Amphion Group Limited is 240 Blackfriars Road, London, SE1 8NW and group accounts are available from this address.
The ultimate controlling party is Adam Smith International Employee Ownership Trust.

11 INVESTMENTS IN SUBSIDIARIES

Name	Nature of Business	Ownership		Profit/(Loss) after taxation		Capital and reserves	
		2015	2014	2015	2014	2015	2014
			%	£	£	£	£
Adam Smith International Limited	International development consultancy	100	100	14,867,769	14,296,686	46,737,207	31,869,438
Adam Smith Services Limited ¹	Provision of business services	100	100	10,992	31,984	315,970	304,978
Adam Smith International Africa Limited ²	International development consultancy	99	99	226,357	290,622	1,732,272	1,354,412
Adam Smith International India Limited ³	International development consultancy	99	99	-	(240)	(3,558)	(3,558)
Adam Smith International (Australia) PTY Limited ⁴	International development consultancy	-	-	200,261	136,870	412,052	165,886
Adam Smith International Mongolia Limited ⁵	International development consultancy	-	-	-	(19,839)	37,608	44,538
Adam Smith International Turkey Limited ⁶	International development consultancy	-	-	(871,601)	(55,541)	(851,414)	(25,035)
AS Operations West Africa Limited ⁷	International development consultancy	-	-	281,408	7,324	330,961	44,678
Adam Smith International Uganda Limited ⁸	International development consultancy	100	-	17,249	-	17,249	-

¹ Adam Smith Services Limited is classified as a subsidiary as all shares are held by Adam Smith International Limited.

² The 99% of the issued ordinary shares of Adam Smith International Africa Limited are held indirectly via its subsidiary Adam Smith International Limited.

³ The Company holds 1% of the issued ordinary shares of Adam Smith International India Limited directly. The remaining 99% are held indirectly via its subsidiary Adam Smith International Limited.

⁴ The 100% of the issued ordinary shares of Adam Smith International (Australia) PTY Limited are held indirectly via its subsidiary Adam Smith International Limited.

⁵ The 100% of the issued ordinary shares of Adam Smith International Mongolia Limited are held indirectly via its subsidiary Adam Smith International Limited.

⁶ The 100% of the issued ordinary shares of Adam Smith International Turkey Limited are held indirectly via its subsidiary Adam Smith International Limited.

⁷ The 99% of the issued ordinary shares of AS Operations West Africa Limited are held indirectly via its subsidiary Adam Smith International Limited.

⁸ The 100% of the issued ordinary shares of Adam Smith International Uganda Limited are held indirectly via its subsidiary Adam Smith International Limited.

12 CONTINGENT LIABILITIES

The company is party to cross guarantees securing the borrowings of other group companies. At the year end these borrowings amounted to £23,500,000 (2014 £3,669,733).

13 FIRST TIME ADOPTION OF FRS 102

Reconciliation and description of the effect of the transition to FRS 102 on 1) equity at the date of transition to FRS 102 2) equity at the end of the comparative period; and 3) profit or loss for the comparative period reported under UK GAAP are given below.

RECONCILIATION OF EQUITY

	01-Jan-14	31-Dec-14
Equity as previously reported under UK GAAP	8,170,908	10,058,427
Equity reported under FRS 102	<u>8,170,908</u>	<u>10,058,427</u>

RECONCILIATION OF PROFIT OR LOSS

	Year ended 31-Dec-14
Profit or loss as previously reported under UK GAAP	9,887,509
Profit or loss as reported under FRS 102	<u>-</u> <u>9,887,509</u>
