

80005/20

LEGATUM INSTITUTE

Companies House Registration No. FC028686

Unaudited Financial Statements



**For the Year Ended
31 December 2016**

LEGATUM INSTITUTE

Report of the Directors

Year ended 31 December 2016

The Directors present their annual report and the financial statements of Legatum Institute (the Company), Companies House Registration number FC028686 for the year ended 31 December 2016.

Incorporation

The Company was incorporated in the Cayman Islands on 15 December 2005.

Activities

The principal activity of the Company was providing research and advisory services for philanthropic development.

Going Concern

The Company relies upon its parent company to provide funds to meet its on-going operational costs and other obligations. The Directors of the Company have obtained written assurance from the parent company confirming its continuing financial support of the Company as required. The Directors of the Company have assessed the ability and intent of the parent company to provide such funding when required.

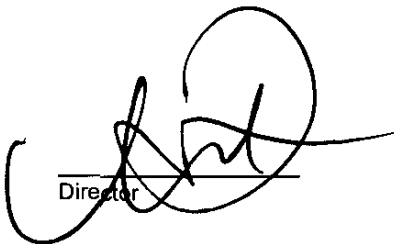
Accordingly, the Directors have identified no material uncertainties that may cast significant doubt over the ability of the Company to continue as a going concern and therefore the financial statements are prepared on the going concern basis.

Directors

The Directors who held office during 2016 were:

A J McCormick
M A Stoleson
P A Vassiliou (resigned on 10 April 2017)

By order of the Board



Director

Date: 20/09/17

Registered Office:

Windward 1
Regatta Office Park
PO Box 897
Grand Cayman KY1-1103
Cayman Islands

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Statement of Directors' Responsibilities in Respect of the Financial Statements

Year ended 31 December 2016

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

Although there is no requirement under Cayman Islands Companies Law (2013 Revision) to prepare financial statements or to appoint an auditor, the Directors have chosen to prepare financial statements for each financial period in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). In preparing those financial statements, the Directors are required to

- Select suitable accounting policies and then apply them consistently;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- Provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- State that the Company has complied with IFRS, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records, which disclose, with reasonable accuracy at any time, the financial position of the Company. 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.

The Directors confirm that they have complied with the above requirements when preparing the financial statements.

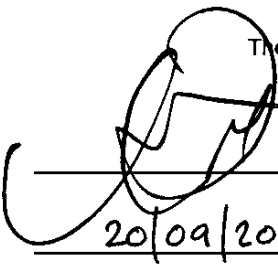
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Statement of Financial Position

As at 31 December 2016

	Notes	31 December 2016 US\$	31 December 2015 US\$
Current Assets			
Cash at bank and in hand		8,037	23,152
Prepayments		<u>946</u>	<u>946</u>
Total Assets		8,983	24,098
Current Liabilities			
Accruals		(3,033)	(23,871)
Loan from parent company	4	(49,451,795)	(49,393,630)
Other liabilities	5	<u>-</u>	<u>(947)</u>
Total Liabilities		(49,454,828)	(49,418,448)
Net Liabilities		<u>(49,445,845)</u>	<u>(49,394,350)</u>
Equity			
Share capital	6	100	100
Accumulated deficit		(49,445,945)	(49,394,450)
Net Deficit		<u>(49,445,845)</u>	<u>(49,394,350)</u>

The notes on pages 6 and 7 form an integral part of these financial statements.



Director

20/09/2017 Date approved by the Board

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Statement of Changes in Equity

Year ended 31 December 2016

	Share Capital US\$	Accumulated Deficit US\$	Total US\$
Balance as at 31 December 2014	<u>100</u>	<u>(49,250,645)</u>	<u>(49,250,545)</u>
Total comprehensive loss for the year	<u>-</u>	<u>(143,805)</u>	<u>(143,805)</u>
Balance as at 31 December 2015	<u>100</u>	<u>(49,394,450)</u>	<u>(49,394,350)</u>
Total comprehensive loss for the year	<u>-</u>	<u>(51,495)</u>	<u>(51,495)</u>
Balance as at 31 December 2016	<u>100</u>	<u>(49,445,945)</u>	<u>(49,445,845)</u>

The notes on pages 6 and 7 form an integral part of these financial statements.

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Statement of Comprehensive Income

Year ended 31 December 2016

	31 December 2016		31 December 2015	
	US\$	US\$	US\$	US\$
Expenses				
Administrative expenses	991		6,387	
Professional fees	4,045		4,879	
Program expenses	<u>45,131</u>		<u>128,659</u>	
		(50,167)		(139,925)
Foreign exchange loss		<u>(1,328)</u>		<u>(3,880)</u>
Loss for the Year from continuing operations		<u>(51,495)</u>		<u>(143,805)</u>
Total Comprehensive Loss for the year		<u>(51,495)</u>		<u>(143,805)</u>

The notes on pages 6 and 7 form an integral part of these financial statements.

Notes to the Financial Statements

Year ended 31 December 2016

1 Basis of Preparation

The financial statements have been prepared on a historical cost basis. The financial statements are prepared in dollars and all amounts are rounded to the nearest US dollar. The financial statements are prepared on a going concern basis.

(i) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') issued by, or adopted by, the International Accounting Standards Board, with the exception of the cash flow disclosures prescribed by IAS 1 and IAS 7 and the disclosure requirements of IAS 17, IAS 24 and IFRS 7 as the Directors believe that these disclosures are not appropriate.

The Company relies upon its parent to provide funds to meet its on-going operational costs and other. The Directors of the Company have obtained written assurance from the parent company confirming its continuing financial support of the Company as required. The Directors of the Company have assessed the ability and intent of the parent company to provide such funding when required.

Accordingly, the Directors have identified no material uncertainties that may cast significant doubt over the ability of the Company to continue as a going concern.

(ii) Changes in Accounting Policy and Disclosure

The accounting policies adopted are consistent with those of the previous financial year.

There are no new standards, interpretations or amendments to existing standards that are effective from 1 January 2016 that have a material impact on the preparation of the Company's financial statements for the year ended 31 December 2016.

(iii) New Standards Issued but not yet Effective

The relevant standards and interpretations that are issued, but are not yet effective, up to the date of issuance of the Company's financial statements are disclosed below where they are considered applicable to the Company. The Company intends to adopt these standards, if applicable, when they become effective.

IAS 7 Disclosure Initiative - Amendments to IAS 7 Cash flows

In January 2016, the IASB issued amendments to IAS 7 Statement of Cash Flows with the intention to improve disclosures of financing activities and help users to better understand the reporting entities' liquidity position. Under the new requirements, entities will need to disclose changes in their financial liabilities as a result of financing activities such as changes from cash flows and non-cash items such as gains and losses due to foreign currency movements. The amendment is effective from 1 January 2017. The Company is currently evaluating the impact of adopting this standard in the financial statements.

2 Significant Accounting Judgements, Estimates and Assumptions

The Directors are of the opinion that there are no significant accounting judgements, estimates and assumptions.

3 Summary of Significant Accounting Policies

(i) Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

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Notes to the Financial Statements

Year ended 31 December 2016

3 Summary of Significant Accounting Policies (continued)

(ii) Loans Payable

Loans are recognised at total consideration as they are repayable on demand.

(iii) Accruals

Liabilities are recognised for amounts to be paid in the future for goods or services rendered, whether billed by the supplier or not.

(iv) Expenses

Expenses are recognised on an accruals basis. Any expense which has been accrued for where the liability has not subsequently arisen, has been released to the statement of Comprehensive Income during the year.

(v) Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight line basis over the lease term.

(vi) Foreign Currency

Transactions denominated in foreign currencies are translated into US dollars at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the closing rate at year end. Exchange differences arising on both the translation at year end rates and on foreign currency transactions are charged or credited to the Statement of Comprehensive Income as foreign currency gains or losses.

4 Loan from Parent Company

	31 December 2016 US\$	31 December 2015 US\$
Loan from parent company	<u>49,451,795</u>	<u>49,393,630</u>

The loan from the parent company is unsecured, interest free and repayable on demand.

5 Other Liabilities

	31 December 2016 US\$	31 December 2015 US\$
Miscellaneous creditors	<u>-</u>	<u>947</u>
Other liabilities	<u>-</u>	<u>947</u>

6 Share Capital

	31 December 2016 US\$	31 December 2015 US\$
Authorised: 50,000 ordinary shares of US\$ 1 each	<u>50,000</u>	<u>50,000</u>
Issued and fully paid: 100 ordinary shares of US\$ 1 each	<u>100</u>	<u>100</u>