

clc 120 .

FC 028686



LEGATUM INSTITUTE

Companies House Registration No. FC028686

Unaudited Financial Statements

MONDAY



A210784J

A30

30/09/2013

#13

COMPANIES HOUSE

**For the Year Ended
31st December 2012**



LEGATUM INSTITUTE

Report of the Directors

Year ended 31st December 2012

The Directors present their report and the unaudited financial statements of Legatum Institute (the Company), Companies House Registration number FC028886 for the year ended 31st December 2012.

Incorporation

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

Activities

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

Going Concern


No material uncertainties that may cast significant doubt about the ability of the Company to continue as a going concern have been identified by the Directors. The disclosures in note 4 to the financial statements describe how the Company will meet its ongoing obligations.

Directors

The Directors who held office during the year and were subsequently appointed were:

A J McCormick
M A Stoleson
P A Vassiliou
V J Gedmin

By order of the Board



Director

M A Stoleson

Date: 30 September 2013

Registered Office:

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



Statement of Directors' Responsibilities in Respect of the Financial Statements

Year ended 31st December 2012

It is the Directors' responsibility to prepare financial statements. In preparing those financial statements the Directors should:

- ensure that the financial statements are in accordance with generally accepted accounting principles and show a true and fair view of the results of the Company for the year and the state of the Company's affairs at the end of the year
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping accounting records that are sufficient to show and explain the Company's transactions and are such as to disclose with reasonable accuracy, at any time, the financial position of the Company. The Directors 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.




LEGATUM INSTITUTE

Statement of Financial Position

Year ended 31st December 2012

| | Notes | 31 st December 2012 US\$ | 31 st December 2011 US\$ |
|----------------------------|-------|---|---|
| Current Assets | | | |
| Cash at bank and in hand | | 646,890 | 557,971 |
| Prepayments | | 221,041 | 559,784 |
| Debtors | | <u>5,703</u> | <u>2,495</u> |
| Total Assets | | 873,634 | 1,120,250 |
| Current Liabilities | | | |
| Accruals | | 288,572 | 217,150 |
| Loan from parent company | 5 | 39,510,787 | 30,742,614 |
| Other liabilities | 6 | <u>133,682</u> | <u>103,209</u> |
| Net Liabilities | | US\$ (39,059,407) | US\$ (29,942,723) |
| Equity | | | |
| Share capital | 7 | 100 | 100 |
| Accumulated deficit | | <u>(39,059,507)</u> | <u>(29,942,823)</u> |
| Net Deficit | | US\$ (39,059,407) | US\$ (29,942,723) |

The notes on pages 6 to 8 form an integral part of these financial statements



M A Stoleson Director

30 September 2013 Date approved by the Board



LEGATUM INSTITUTE

Statement of Changes in Equity

Year ended 31st December 2012

| | Share Capital US\$ | Accumulated Deficit US\$ | Total US\$ |
|---|--------------------------|--------------------------------|--------------------------|
| Balance at 31 st December 2010 | US\$ <u>100</u> | US\$ <u>(21,319,629)</u> | US\$ <u>(21,319,529)</u> |
| Loss for the year | — | (<u>8,623,194</u>) | (<u>8,623,194</u>) |
| Balance at 31 st December 2011 | US\$ <u>100</u> | US\$ <u>(29,942,823)</u> | US\$ <u>(29,942,723)</u> |
| Loss for the year | — | (<u>9,116,684</u>) | (<u>9,116,684</u>) |
| Balance at 31 st December 2012 | US\$ <u>100</u> | US\$ <u>(39,059,507)</u> | US\$ <u>(39,059,407)</u> |

The notes on pages 6 to 8 form an
integral part of these financial statements



LEGATUM INSTITUTE

Statement of Comprehensive Income

Year ended 31st December 2012

| | | Year Ended 31 st December 2012 | | Year Ended 31 st December 2011 |
|--|----------------|---|------------------|---|
| | US\$ | US\$ | US\$ | US\$ |
| Expense | | | | |
| Administrative expenses | 7,602,738 | | 6,386,843 | |
| Professional fees | 1,328,259 | | 1,019,011 | |
| Program expenses | <u>214,662</u> | | <u>1,201,421</u> | |
| | | (9,145,659) | | (8,607,275) |
| Foreign exchange gain / (loss) | | <u>28,975</u> | | (16,486) |
| Loss for the Year | | <u>(9,116,684)</u> | | <u>(8,623,194)</u> |
| Total Comprehensive Loss for the Year | | US\$ <u>(9,116,684)</u> | | US\$ <u>(8,623,194)</u> |

The notes on pages 6 to 8 form an
integral part of these financial statements



LEGATUM INSTITUTE

Notes to Financial Statements

Year ended 31st December 2012

1 Basis of Accounting

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

(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

(ii) Changes in Accounting Policy and Disclosure

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

New standards, amendments and interpretations which are effective for 2012 had no impact on the financial statements of the Company.

(iii) New and Amended Standards Issued but not yet Effective

The following new and amended standards and interpretations are issued but are not yet effective for the financial year

| <u>Standard</u> | <u>Effective Date</u> | <u>Impact</u> |
|---|-----------------------|---|
| IAS 1 Financial Statement Presentation | 1 July 2012 | Presentation of Items of Other Comprehensive Income |
| IAS 19 Employee Benefits (Amendment) | 1 January 2013 | Reporting gains and losses outside of profit or loss with no subsequent recycling |
| IAS 27 Separate Financial Statements (as revised in 2011) | 1 January 2013 | Accounting for investments in subsidiaries, jointly controlled entities and associates in separate financial statements |
| IAS 28 Investments in Associates and Joint Ventures (as revised in 2011) | 1 January 2013 | Application of the equity method to investments in joint ventures |
| IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendment) | 1 January 2014 | Clarification of legally enforceable right to set-off |
| IFRS 1 First-time Adoption of International Financial Reporting Standards (Amendment) | 1 January 2013 | Accounting for Government Loans by first time adopters |
| IFRS 7 Financial Instruments: Disclosures | 1 January 2013 | Offsetting Financial Assets and Financial Liabilities |
| IFRS 9 Financial Instruments: Classification and Measurement | 1 January 2015 | Classification and measurement of financial assets and financial liabilities |
| IFRS 10 Consolidated Financial Statements | 1 January 2013 | Establishment of a single control model |
| IFRS 11 Joint Arrangements | 1 January 2013 | Changes to the definition of, and accounting for, jointly controlled entities |
| IFRS 12 Disclosure of Interests in Other Entities | 1 January 2013 | Changes to the disclosure requirements for Interests in Other Entities |
| IFRS 13 Fair Value Measurement | 1 January 2013 | Establishment of a single source of guidance for all fair value measurements |

The Company has decided not to early adopt any of these new or amended standards and interpretations. None will have a significant impact on the financial statements.

Notes to Financial Statements

Year ended 31st December 2012

(iv) Improvements to IFRSs

In May 2012, the IASB issued its third omnibus of amendments to its standards and interpretations, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard and interpretation. The adoption of these standards and interpretations did not have any significant impact on the accounting policies, financial position or performance of the Company.

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.

(ii) Loan from Parent Company

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.

(v) Foreign Currency

Transactions denominated in foreign currencies are translated into US Dollars at the rate of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the rate of exchange ruling at the date of the Statement of Financial Position. 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.

(vi) 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. On 15th December 2008 the Company entered into a property lease agreement with a related company on an arm's length basis.

4 Going Concern

The Company relies upon its parent company to provide funds to meet its ongoing obligations. The financial statements have been prepared on a going concern basis which assumes that the Company will continue to receive funds from its parent company as required. The Directors have received written assurances from the parent company that continued financial support will be made available for at least 12 months following the signing of the financial statements. As such, the Directors are satisfied that the going concern assumption continues to be appropriate for the Company.



LEGATUM INSTITUTE

Notes to Financial Statements

Year ended 31st December 2012

| | | |
|---|---|---|
| 5 Loan from Parent Company | 31st December 2012 US\$ | 31st December 2011 US\$ |
| Loan from parent company | US\$ <u>39,510,787</u> | US\$ <u>30,742,614</u> |
| The loan from the parent company is unsecured, interest free and repayable on demand. | | |
| 6 Other Liabilities | 31st December 2012 US\$ | 31st December 2011 US\$ |
| Miscellaneous creditors | <u>133,682</u> | <u>103,209</u> |
| Other liabilities | US\$ <u>133,682</u> | US\$ <u>103,209</u> |
| 7 Share Capital | 31st December 2012 US\$ | 31st December 2011 US\$ |
| Authorised 50,000 ordinary shares of US\$ 1 each | US\$ <u>50,000</u> | US\$ <u>50,000</u> |
| Issued and fully paid: 100 ordinary shares of US\$ 1 each | US\$ <u>100</u> | US\$ <u>100</u> |