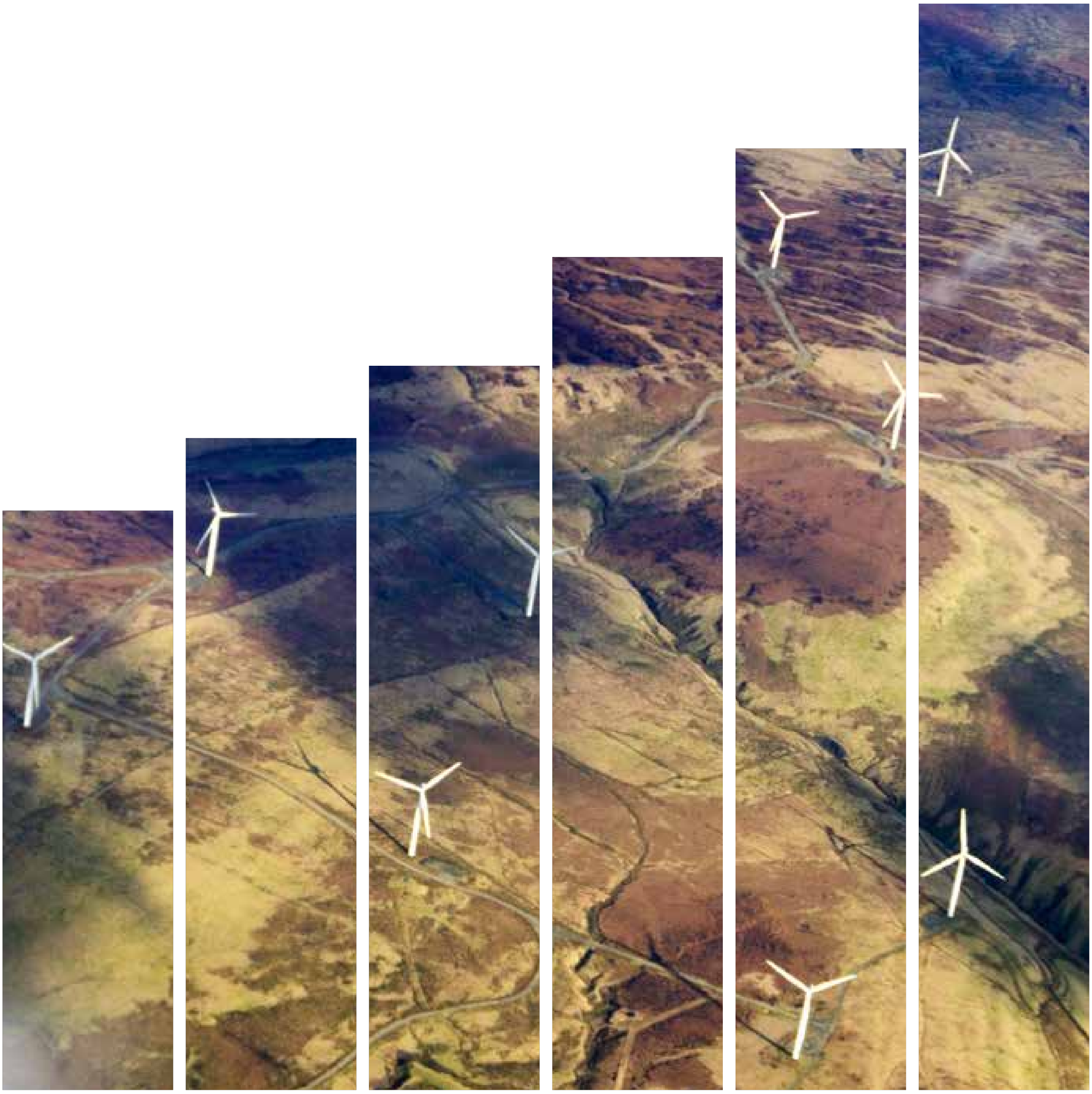
Annual Accounts 2015

CDC Group plc



Contents

CDC’s mission is to support the building of businesses throughout Africa and South Asia, to create jobs and make a lasting difference to people’s lives in some of the world’s poorest places.

Financial Performance

Business objectives

CDC is a UK government-owned investment company that invests in private sector businesses in developing countries, where it has been an innovative investor for over 60 years. CDC invests to support the growth of all sizes of business from the micro-level right up to the largest because it believes that a balanced private sector is necessary for economic development and robust job creation. CDC also aims to demonstrate that it is possible to invest successfully in challenging environments, thereby attracting other sources of capital including fully commercial capital.

No country has succeeded in reducing poverty in a sustainable manner in the absence of economic growth. Commercially sustainable private sector businesses are critical to such growth: they employ and train people; pay taxes; invest in research and development; build and operate infrastructure and services.

In 2012 CDC decided to change its investment strategy. It reduced its geographical focus to Africa and South Asia and whilst honouring commitments in China, South East Asia and Latin America would no longer do new business in those areas. It also started to concentrate on high impact sectors that were chosen because of their propensity to create jobs. CDC will continue to invest outside these high impact sectors in the most challenging regions as new capital supporting any sector in capital starved regions is highly developmental. CDC invests using a range of financial instruments including debt, direct equity and intermediated funds.

CDC invests to achieve returns from capital appreciation, investment income or both and have a path to investment exit and new ownership that will take the investment to the next level.

Clive MacTavish
Chief Financial Officer

CDC and the businesses in which its capital is invested will:

- comply with all applicable laws;
- minimise adverse impacts and enhance positive effects on the environment, workers and all stakeholders as appropriate;
- commit to continuous improvements with respect to management of the environment, social policies and governance ("ESG");
- work to apply relevant international best practice standards, with appropriate targets and timetables for achieving them; and
- employ management systems which effectively address ESG risks and realise ESG opportunities as a fundamental part of a company's value.

Strategies for achieving the objectives of the business

CDC expects its investments to achieve results that are appropriate to the opportunities and risks in the relevant market. Amongst the features that CDC seeks in making a decision to commit to an investment are:

- a credible thesis aimed at CDC's preferred markets but also looking for appropriate development impact;
- prospective investment returns from capital appreciation and investment income which are commensurate with the investment risk;
- a strong management that will apply high standards of business ethics and corporate governance; and
- a path to investment exit and new ownership that will take the investment to its next level.

Taxation

CDC respects the tax policies established by governments. CDC requires its investee companies to pay the taxes required in the countries in which they operate and CDC pays taxes wherever they are liable. However, under the CDC Act 1999, CDC Group plc was granted exemption from UK Corporation Tax from May 2003. This allows CDC to recycle more portfolio receipts into new investments in developing countries.

CDC only uses offshore financial centres to meet its priority to mobilise capital into developing countries. Offshore financial centres can provide straightforward and stable financial, judiciary and legal systems which facilitate investment. CDC will therefore often introduce such jurisdictions into transactions for non-tax related purposes. This may include insulating companies from legal risk, insulating classes of security from cross-default or improving the financial terms or security for different investors. Certain investments may include structures that reduce the tax burden on investors. CDC will only acquiesce to such structures in order to facilitate a developmental impact, increasing investment and consequent job creation and economic growth. CDC prefers to use offshore financial centres that are successfully participating in the OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes (the "Global Forum"). In 2015 CDC made no investments in non-OECD jurisdictions. CDC will avoid making investments through a jurisdiction that does not adequately exchange tax information internationally. CDC would only invest through a jurisdiction that is not successfully participating in the Global Forum in exceptional cases, and only if it is considered that the developmental benefits of the investment justify the use of an intermediary located in such a jurisdiction.

Financial Performance
– continued

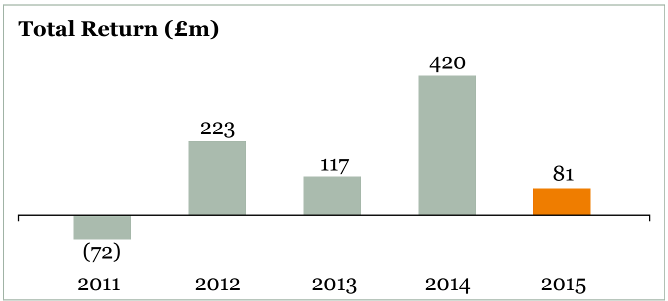
Presentation of results
CDC's financial results are presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. These accounts can be found in full from page 16 onwards. The Directors' and Strategic Report gives a summary of those results. CDC as an investment company has implemented the Investment Entities amendment to IFRS 10 whereby all subsidiaries, other than those that provide services, that relate to CDC's activities are accounted for as investments at fair value.

However, in order to explain more fully CDC's underlying portfolio movements, CDC provides information, in note 2 to the accounts on pages 24 to 26 and on pages 2 to 5, drilling through subsidiaries that are non-consolidated investment holding companies to see underlying portfolio movements.

Market conditions
The MSCI Emerging Markets Index is designed to measure quoted equity performance in global emerging markets. In 2015, it fell by 17% (2014: 5% fall). Index decreases of individual countries varied widely in 2015 with falls from India of 8%, China 10%, Nigeria of 24% and South Africa of 27%.

The current strategy that requires CDC to invest in more challenging regions, utilising unquoted equity and debt, makes a quoted equity index increasingly unconnected to CDC's performance. However, it is a useful indicator of general market sentiment in CDC's geographies.

Current performance
Total return after tax
The overall result is a total return after tax of £80.8m (2014: £421.5m). As a return on opening total net assets on a valuation basis, this represents a profit for CDC's shareholder of 2.4% (2014: 14.2%) this year and an average annual return of 7.8% over the last five years.



Portfolio return
The portfolio generated £121.5m of profit (2014: £450.9m). This represents a portfolio return of 4.2% (2014: 18.0%, 2013: 6.3%). Most of the portfolio is denominated in US dollars so the Sterling result has benefited from currency translation gains. The portfolio return measured a loss in US dollars of 0.9% (2014: 11.4% gain). CDC is a long-term investor. The portfolio still shows a majority of assets (65%) driven by investment decisions made prior to the change of investment policy in 2012.

Operating costs
Operating costs for the year of £33.5m (2014: £29.4m) have increased due to employees rising to 161 (2014: 134). Operating costs represent 1.0% of the Company's opening net asset value.

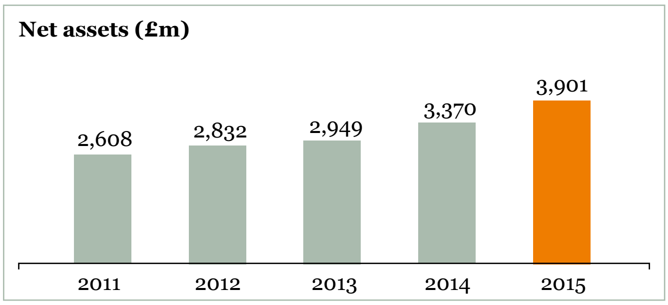
Other net expenses
Other net expenses of £7.2m (2014: £nil) came mostly from finance costs in investment holding companies.

	2015 £m	2014 restated £m
Portfolio return	**121.5**	450.9
Operating costs	**(33.5)**	(29.4)
Other net expense	**(7.2)**	–
Total return after tax	**80.8**	421.5

Portfolio and net assets

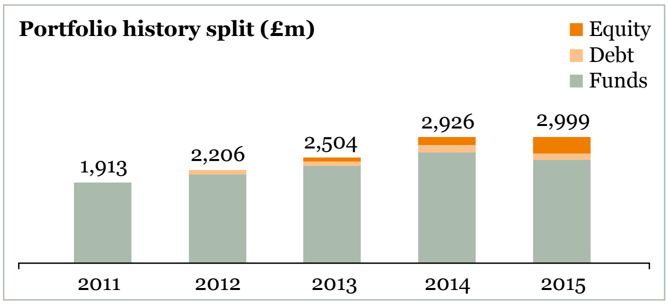
	2015 £m	2014 restated £m
Portfolio	**2,999.2**	2,926.3
Net cash and short-term deposits	**437.8**	451.1
Other net assets/(liabilities)	**464.2**	(7.0)
Total net assets	**3,901.2**	3,370.4

Total net assets increased in the year from £3,370.4m to £3,901.2m a rise of 16% (2014: 14%).



	2015 £m	2014 restated £m
Portfolio at start of year	**2,926.3**	2,504.2
New investments	**518.7**	475.6
Realisations	**(548.5)**	(491.0)
Value change	**98.4**	437.5
Allowances for guarantees	**4.3**	–
Portfolio at end of year	**2,999.2**	2,926.3

Direct debt and equity investments continue to make up an increasing share of the portfolio following the shift in investment focus in 2012. The largest share of the portfolio, however, remains in fund investments managed by fund managers. Portfolio value increased from £2,923.0m to £2,999.2m in the year as a result of net new investments and valuation gains driven by the growth of underlying companies. CDC has investments in 170 funds, managed by 90 different fund managers, and 38 direct investments.



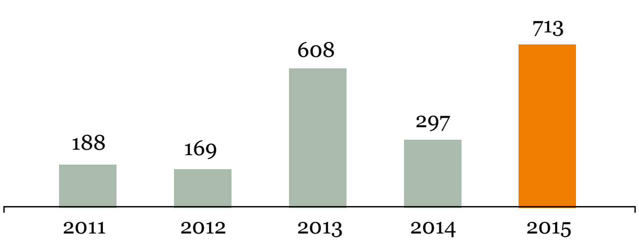
New commitments

In 2015, CDC made new commitments of £712.9m* (2014: £296.8m). Total new commitments were:

Fund commitments	**£m**
Abraaj Africa Fund III	33.9
Abraaj Pakistan Fund I	17.0
Actis Africa Real Estate Fund 3	33.9
Apis Growth Fund I	20.4
Ascent Rift Valley Fund I	10.2
Capital Alliance Private Equity IV	33.9
Frontier Bangladesh II	13.6
Pembani Remgro Infrastructure Mauritius Fund I	50.9
Plenty Private Equity Fund	20.4
Synergy Private Equity Fund	3.4
	237.6

Direct investment commitments	**£m**
Bigfoot Gmbh	0.8
CRDB Bank	7.7
Daraz.pk	14.8
Equitas Micro Finance Limited	11.8
Feronia Inc	15.1
GEMS Africa	29.2
Gulpur Hydropower	11.2
Habib Bank Limited	82.3
IHS Zambia Limited	26.4
INT Towers	13.3
Irrawaddy Green Tower Project	13.5
Janalakshmi Financial Services Limited	33.0
Miro Forestry Company	10.0
Pristine Logistics	15.3
Ratnakar Bank	4.5
Standard Chartered Risk Sharing Facility	169.6
Ujjivan Financial Services Private Limited	16.8
	475.3

New commitments (£m)



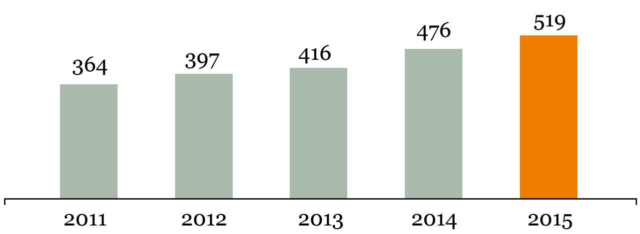
* In 2015, in addition to the new commitments shown above, CDC transferred its majority stake of Globeleq Africa (held via Actis Infrastructure Fund 2) into a new partnership with Norfund. As part of the partnership agreement, CDC sold part of its stake to Norfund such that CDC holds a direct ownership of 70% with Norfund holding a 30% shareholding.

Cash flow

	2015 £m	2014 restated £m
Portfolio drawdowns	**(518.7)**	(475.6)
Portfolio cash generated	**551.6**	466.4
Net portfolio flows	**32.9**	(9.2)
Other cash flows	**(46.2)**	10.5
Net cash flow	**(13.3)**	1.3

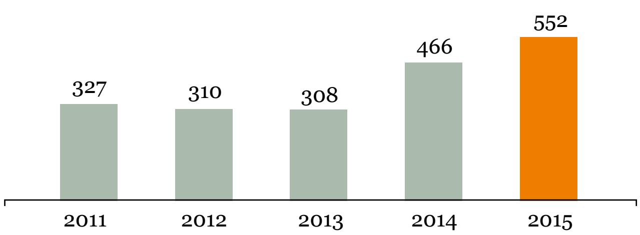
Drawdowns for new investments at £518.7m (2014: £475.6m) were higher than last year. 48% of new investments were in Africa and 47% were in South Asia.

Portfolio drawdowns (£m)



Portfolio cash generated this year at £551.6m (2014: £466.4m) was higher than last year as a result of increased realisation activity in the maturing fund investment portfolio.

Portfolio cash generated (£m)



Net cash and short-term deposits held

With the level of drawdowns and portfolio realisations, cash and short-term deposits were lower this year at £437.8m (2014: £451.1m). Cash levels, together with an understanding of future commitments and the position of the standby Revolving Credit Facility, are regularly reviewed by management and the Board to see they are in line with agreed company polices. More details can be found in the Risk section of this report.

Capital structure

During 2015, CDC issued 450,000,000 ordinary shares of £1 each to its parent company. The parent company subscribed to the shares by issuing a promissory note for the value of the shares.

Financial Performance
– continued

Risks and risk management

CDC's operations are managed within the risk appetite defined by the Board and set out in the Risk Management Policy. The Board regularly reviews the overall risks inherent in CDC's business and the actions taken to mitigate those risks where appropriate.

CDC established a Risk Committee in 2015 to oversee the implementation of the Risk Management Policy and the risks facing CDC. The Risk Committee is supported by the CFO, who is responsible for overseeing risk management across CDC.

The principal risks are considered to be:

- Investment risk
- Environmental & Social risk
- Business Integrity risk
- Development Impact risk
- Operational risk

A final category of risk, Reputational Risk, is recognised as an overarching category which can be associated with any of the five principal risks.

Investment risk

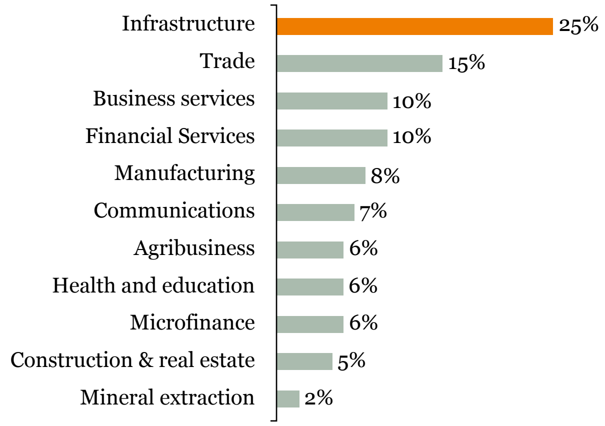
CDC invests in developing countries with a mandate to increase available capital in some of the most challenging regions of Africa and South Asia. Such investments are inherently risky with the potential for loss of portfolio value leading to lower cash inflows than expected and portfolio returns below targets CDC has agreed with its shareholder. Equally, the timing of cash distributions from investments is uncertain and unless CDC has a direct majority equity stake, which is rare, is usually not within the direct control of CDC. When CDC invests through funds, the sale of interests in these funds may require a lengthy period of time since there is only a limited market for secondary sales of emerging markets private equity interests and sales usually require the consent of the fund manager, the granting of which may be at its discretion.

In respect of managing this risk, CDC has adopted the following policies and processes:

Portfolio diversification – CDC maintains a diversified portfolio of assets comprising a combination of debt and equity investments which, in turn, are held directly or indirectly via a range of fund managers. The proportion of funds under management (CDC investment value plus outstanding commitments) held directly by CDC is 22% (2014: 9%). Given CDC's history a notable proportion of the portfolio is managed by one private equity fund manager, Actis, although this percentage continues to fall over time. The percentage of funds under management by Actis as a percentage of the overall CDC portfolio was 20% (2014: 33%) at the end of 2015. The concentration with the next largest fund manager was 4%.

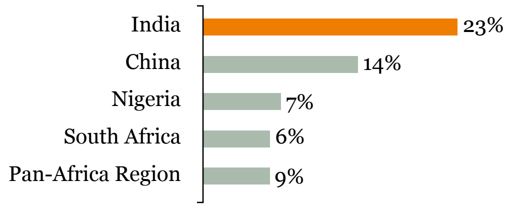
CDC's investments provide it with a portfolio of 1,293 underlying companies that are diversified by vintage year, size, geography and industry sector. CDC's highest sector exposure is 25% in Infrastructure. The top 20 investments represent 41% of the portfolio with the largest individual investment representing 9.5%.

Underlying portfolio by sector



CDC has investments in 72 countries. The top five highest country exposures represent 56% of the portfolio.

Underlying portfolio by top five highest country exposures



Since 2012 CDC's strategy has been directed towards only making new investments in Africa and South Asia. Over time this will decrease the amount of geographical diversification within the portfolio which will increase exposure to investment risk in these markets.

Cash management – A wholly owned subsidiary of CDC has a committed standby Revolving Credit Facility of US$1,200m (£814.2m). At 31 December 2015, CDC had significant undrawn commitments of £1,132.6m (2014: £1,071.3m). The standby Revolving Credit Facility and the cash balance held of £437.8m, represent 111% of undrawn investment commitments.

CDC has a £450.0m promissory note, at 31 December 2015, due from its parent company. The promissory note will be drawn down for future investment made in Africa and South Asia.

The Board regularly considers cash flow forecasts at Board meetings and expects CDC to meet its undrawn commitments, as well as commitments to future investments, from distributions received from its current investments, the promissory note held and the cash balance.

Currency – Given its geographical focus, CDC is exposed to valuation risk caused by fluctuation in foreign exchange rates. The functional currency of investments is predominately US dollars however the underlying financial assets are held in a wide range of local emerging market currencies. As a long-term investor CDC does not hedge its fund or direct equity investments. Debt transactions, however, are hedged to ensure returns match the pricing on the loan whilst foreign currency cash balances (predominantly US Dollars) are hedged in order to manage exposure and to eliminate translation differences. Details of CDC's foreign currency balances are shown in note 16 to the accounts on page 34.

Valuation – The valuation of CDC's investments is subjective and there is an inherent risk that valuations may not reflect fair value. CDC's valuation guidelines have been developed in accordance with the International Private Equity and Venture Capital Valuation Guidelines (December 2012), which in turn are in accordance with the fair value requirements contained within IAS 19 and IFRS 13. Investments are held at fair value, which is the expected value at which an orderly transaction would take place between market participants at the reporting date. Portfolio reviews of CDC's investments and the underlying investments in its private equity funds are carried out quarterly by the relevant CDC investment managers. As part of these reviews, valuations are prepared which are reviewed by the CDC finance team. Summary valuation and financial returns information is regularly reviewed by the Board with additional detail and discussion at the Audit and Compliance Committee. The details of the valuation methodology are given in note 23 to the accounts under the Investments heading on page 44 and valuation movements are shown in note 3 to the accounts on page 27.

Environmental & Social risk

CDC believes that operating to high environmental and social (E&S) standards is a fundamental part of business success and long-term sustainability. CDC is committed to helping portfolio businesses grow and flourish not only by providing capital, but also by helping them achieve good E&S standards.

CDC is exposed to a variety of E&S risks through the companies that it invests in, both directly and indirectly. In order to manage this risk, CDC has an E&S team which contributes to due diligence on potential investments, assists investee companies in developing or improving their E&S approach, monitors performance of investee companies via annual reports and monitoring visits for higher risk investments and assists with resolution of E&S issues should they arise.

All fund managers and investee businesses receiving CDC capital must sign up to and comply with CDC's Code of Responsible Investing. The Code requires companies to assess, monitor and improve E&S standards. Companies or projects with potentially significant environmental and social risks must work towards compliance with the International Finance Corporation Performance Standards. In Africa and South Asia many businesses, especially small, locally owned companies, may fall short of CDC's requirements at the time they receive CDC's capital. Part of CDC's role as a development finance institution is to support companies as they develop policies and systems that enable them to manage the environmental and social risks associated with their operations in such a way as to add value to the business while benefitting the workers, wider community and the environment at the local, regional, and national levels.

Business Integrity risk

CDC believes that the process of helping develop corporate governance and business integrity standards in the countries in which it invests has a clear developmental impact by improving the performance of companies, helping develop access to capital and reducing investment risk. CDC recognises that fraud, bribery, corruption and other financial crimes can damage the development goals and reputation of the Company and, accordingly, has developed policies and practical procedures to promote good practices. When investing CDC will seek to ensure that its investments:

- are made into companies with a commitment to high standards of business conduct;
- do not knowingly support financial crime; and
- help companies and fund managers develop and enhance corporate governance standards and practices.

Development Impact risk

Development impact is at the heart of CDC's mission and the primary reason for its existence. Development impact risk is the risk that CDC will fail to achieve its development objective to create jobs and make a lasting difference to people's lives in some of the world's poorest places. CDC has decided to focus the impact it wishes to achieve on the growth of businesses and the creation of jobs, especially in places where the private sector is weak and jobs are scarce. The Company has created the Development Impact Grid, an ex-ante tool that ensures it is best able to invest capital towards the objective of creating jobs, especially in the more challenging places. This methodology is embedded into investment processes and is used to assess every investment opportunity at Investment Committee.

Operational risk

Operational risk is the risk of loss or damage to CDC caused by errors or weaknesses in its internal systems and processes or in the way they are operated or external events. CDC seeks to mitigate these risks by having policies, procedures and processes in place that include appropriate control measures and also by hiring skilled staff to operate these processes and training staff to allow them to make good decisions. CDC's internal audit function performs regular reviews to assess the adequacy and effectiveness of the control measures. The internal audit programme is approved by the Audit and Compliance Committee.

Carbon footprint

In 2015 CDC measured its corporate carbon footprint based on its emissions from air travel and electricity usage. CDC's total carbon footprint is 3,616 tonnes of CO_2.

CDC has chosen to offset this via ClimateCare in projects in Malawi and Ghana. The project in Malawi provides safe water to communities by repairing damaged boreholes and drilling new ones, reducing exposure to waterborne diseases and reducing air pollution from boiling water over open fires. The project in Ghana provides efficient cookstoves which cook food more quickly, require 50 to 60% less fuel and is less smoky, cutting carbon emissions. Both projects also create jobs in the local communities.

Clive MacTavish
Chief Financial Officer

Board of Directors

Graham Wrigley

Diana Noble

Clive MacTavish

Wim Borgdorff

Graham Wrigley
Chairman
Nominations Chair
Appointed Chairman and Non-executive Director in December 2013.

Since 2006, Graham's career has focused on private sector development, with a specific focus on SMEs and Microfinance in Sub-Saharan Africa and South Asia, including serving as Chairman of Aureos and as director of CASHPOR. Graham previously worked in private equity where he was a founder partner of Permira and a member of the firm's management board as it grew into one of the leading private equity firms in the world with US$30bn under management. Prior to Permira, Graham worked for Bain & Co.

Graham studied Law & Economics at Cambridge University, and completed an MSc in Development Economics at The School of Oriental and African Studies in London. He has an MBA from INSEAD, one of the world's leading business schools, where he is adjunct professor. He also works with several charities, including Sir Edmund Hillary’s Himalayan Trust UK, where he serves as Chairman.

Diana Noble
Chief Executive
Appointed Chief Executive and Executive Director in November 2011.

Diana’s background is in international development, private equity and venture capital. She was a Partner at Schroder Ventures (now Permira) for 12 years, founding CEO of e-Ventures and founding Managing Director of Reed Elsevier Ventures. Diana joined CDC after five years with the Clinton Foundation’s Health Access Initiative where she undertook a number of roles, including Executive Vice President Operations, responsible for 43 countries and five global teams, overseeing the scale-up of a global programme to improve children's access to HIV/AIDS treatment.

Diana has a first class Law degree and completed the Advanced Management Program at Harvard Business School.

Clive MacTavish
Chief Financial Officer
Appointed Chief Financial Officer in September 2015 and Executive Director in November 2015.

Clive joined CDC after three years at Expedia Inc. where he was Chief Financial Officer of Expedia's Global Lodging Group, comprising websites Hotels.com and Venere.com as well as the Lodging Partner Supply business which secured and managed the supply of hotels for all the Expedia businesses. Prior to Expedia, Clive was Finance Director, EMEA for Dow Jones where he also ran Sales & Marketing and Operations for their consumer media business. This followed over six years at the Financial Times where he held a number of roles including Head of Strategy, Global Financial Controller and Finance Director EMEA. He joined the Financial Times from parent company Pearson plc where he had worked in their head office on FP&A, M&A and corporate strategy.

Clive started his career with PwC and is a qualified accountant (ACA). He also holds an MBA from Duke University and an MA from Cambridge University.

Wim Borgdorff
Non-executive Director
Risk Chair
Appointed in September 2014.

Wim is Senior Adviser and Co-Founder of AlpInvest Partners, a private equity investment management firm with over EUR37bn of fund, secondary and co-investments under management. He is a non-executive board member of the Bernard van Leer Foundation, a long-standing Dutch privately endowed charity dedicated to early child development globally. From 2000 to 2013 Wim was head of fund investments at AlpInvest Partners which became part of The Carlyle Group in 2011. He is currently a senior advisor to the firm and a member of the investment committee. In 2008 he defined the AlpInvest ESG policies and made AlpInvest an early subscriber to the UN Principles for Responsible Investment. Prior to AlpInvest, Wim founded ABP Investments’ alternative investments unit. Previously he was a Managing Director at ING Real Estate.

Wim received an MSc cum laude from Delft University of Technology and an MBA from Erasmus University Rotterdam.

The terms and conditions of appointment of Non-executive Directors are available for review on CDC’s website.


Valentine Chitalu


Sam Fankhauser


Michele Giddens


Ian Goldin


Keki Mistry

Valentine Chitalu
Non-executive Director
Audit and Compliance Chair
Appointed in May 2010.

Valentine is an entrepreneur in Zambia and Southern Africa, specialising in private equity and local private sector development. Before becoming an entrepreneur in 2004, he worked for CDC Capital Partners in London and Lusaka, focusing on identifying investment opportunities in Southern Africa and portfolio management in Zambia and Malawi. Valentine was formerly Chief Executive Officer at the Zambia Privatisation Agency where he was responsible for the divestiture of over 240 enterprises. He worked for KPMG Peat Marwick in the UK and Meridien Financial Services in Zambia in his early career.

Valentine is Chairman of the Phatisa Group, a US$300m Private Equity Fund Manager, focussing on the Food and Housing sectors in Sub-Saharan Africa. He continues to be at the forefront of promoting both local and foreign investment into Africa and he holds several board positions in Australia, South Africa, the UK and Zambia. He is Chairman of Zambian Breweries, MTN (Zambia) Limited and Albidon (Zambia) Limited.

Valentine is a UK qualified accountant and holds a Masters Degree in Development Economics from Cambridge University.

Sam Fankhauser
Non-executive Director
Development Impact Chair
Appointed in June 2015.

Professor Sam Fankhauser is Co-Director at the Grantham Research Institute on Climate Change at the London School of Economics. He is also an Associate Director at the economics consultancy Vivid Economics. Previously Sam served as Deputy Chief Economist and Director, Policy Studies, at the European Bank for Reconstruction and Development. Prior to that he worked at the World Bank and the Global Environment Facility.

Sam has studied Economics at the University of Berne, the London School of Economics and University College London.

Michele Giddens
Non-executive Director
People Development and Remuneration Chair
Appointed in December 2014.

Michele is a Partner and Co-Founder of Bridges Ventures, a specialist fund manager dedicated to sustainable and impact investment. She has over 20 years of experience in impact investment and international development finance.

Prior to co-founding Bridges in 2002, Michele spent 8 years with Shorebank Advisory Services (now Enclude). She ran small business lending programmes in Russia, Central and Eastern Europe, advised on microfinance in Bangladesh, the Middle East and Mongolia and worked in the US community development finance sector. In the early 1990s, she was with the International Finance Corporation, the private sector financing arm of the World Bank Group. Whilst there she worked on international joint venture investments during the process of private sector development in Eastern Europe. She was an adviser to the Social Investment Task Force and Chair of the Community Development Finance Association between 2003 and 2005. She has recently been appointed as Chair of the UK National Advisory Board to the Global Social Impact Investment Steering Group, as established by the G8.

Michele has a BA Honours in Politics, Philosophy & Economics from Oxford University and an MBA from Georgetown University, Washington, DC.

Ian Goldin
Senior Independent Director and Non-executive Director
Appointed in January 2010.

Ian Goldin has an internationally recognised reputation in the field of development finance and economics and is currently director of the Oxford Martin School, at the University of Oxford. His career includes senior roles as Vice President at the World Bank, Chief Executive at the Development Bank of Southern Africa and Principal Economist at the European Bank for Reconstruction and Development. He is also Professor of Globalisation and Development at the University of Oxford.

Ian was also an adviser to South African President Nelson Mandela. He holds a number of other Non-executive directorships and also has wide experience of emerging markets and the political and economic risk associated with investing in these areas.

Ian has BA and BSc degrees from the University of Cape Town, an MSc from the London School of Economics, MA and DPhil degrees, from the University of Oxford, and has attended the Advanced Management Programme at INSEAD.

Keki Mistry
Non-executive Director
Appointed in September 2014.

Keki is the Vice-Chairman and Chief Executive Officer of Housing Development Finance Corporation (HDFC) in India. HDFC has been a pioneer in the housing finance industry over the last 25 years and has helped provide thousands of Indians with financial assistance to own a home. Earlier in his career Keki was seconded to CDC to help evaluate the operations of mortgage financial institutions in Asia. He holds a number of directorships in India, including Sun Pharmaceutical Industries Limited, HCL Technologies Limited and Torrent Power Limited.

Keki is a fellow of The Institute of Chartered Accountants of India.

Directors' and Strategic Report

The Directors submit their report and the audited financial statements of CDC Group plc (CDC or the Company) and its subsidiaries (the Group) for the year ended 31 December 2015. The Directors' Remuneration Report on pages 12 to 13 details Directors' interests and Director and employee incentive arrangements during the year.

Principal activities and investment policy

CDC is a development finance institution, which invests its capital in private sector businesses in developing countries. Its principal activity is risk capital investment. It invests directly in companies through debt and equity instruments. It also invests in companies indirectly through investment funds and other investment vehicles managed by third party investment fund managers.

Strategic review

The information that fulfils the requirements of the Strategic Review may be found in the Financial Performance review on pages 1 to 5, which is incorporated into this report by reference.

Responsible investment

CDC's investments are underpinned by a firm commitment to responsible investment and evolving international investment good practice. CDC's Code of Responsible Investing includes procedures to ensure that business integrity, environmental, health and safety and social issues are assessed as key components of the Company's investment and monitoring processes. The Company requires its fund managers to ensure that the portfolio companies in which its capital is invested are themselves committed to international investment good practice in these areas and that any shortfalls are addressed through effective action plans.

Developing countries remain characterised by poor labour standards, inadequate environmental and social protection and weak corporate governance. Employee representation and legislation may be weak or poorly enforced. In addition, pressure to strengthen regulation and improve performance in these areas may not be as strong as in more developed countries.

CDC seeks to apply principles of responsible investment when it invests directly and requires its fund managers to encourage their portfolio companies to adopt higher standards when it invests indirectly.

Financial statements

Basis of preparation

The audited financial statements of the Group are prepared in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

Total comprehensive income for the year

The total comprehensive income for the year of £80.8m compares with comprehensive income of £421.5m for 2014; mainly due to decreased fair value gains.

Cash flows

Cash and cash equivalents decreased from £395.9m at the start of the year to £374.3m at the year end resulting in a net cash outflow of £21.6m (2014: outflow of £11.1m).

Statement of financial position

Total equity has increased from £3,370.4m to £3,901.2m.

Pensions

CDC operates a single pension scheme in the United Kingdom. The defined benefits section of this scheme has been closed to new entrants since 1 April 2000. CDC makes contributions to the defined benefits section in accordance with an agreed schedule of contributions. CDC has adopted International Accounting Standard 19 (revised), which shows a net pension asset of £nil (2014: £nil). Further details are shown in note 15 to the audited financial statements.

Dividend recommended

The Directors do not recommend payment of a dividend for the year (2014: nil).

Regulation

CDC is authorised and regulated by the Financial Conduct Authority under the Financial Services and Markets Act 2000. Where applicable, certain Group subsidiaries' businesses outside the United Kingdom are regulated by local authorities.

Directors

Financial statements

The Statement of Directors' Responsibilities is shown separately.

CDC's objectives, business activities, performance, financial position, cash flows and liquidity position are described in the Financial Performance review on pages 1 to 5.

In addition, note 17 to the financial statements includes the Group's policies and processes for managing its financial risk, details of its financial instruments and hedging activities and its exposures to credit and liquidity risk. The Directors believe that the Group is well placed to manage its business risks successfully.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Company and Group financial statements.

Disclosure of information to auditor

So far as each Director is aware at the date of approval of this report, there is no relevant audit information of which the Company's auditor is unaware and each Director confirms that he or she has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Role of Chairman and Chief Executive

There is a clear division of responsibility and authority between the Chairman and the Chief Executive. The Chairman is responsible for leading the Board in determining CDC's strategy and objectives, but does not participate in the management of the Company. The Chief Executive is responsible for the management of the Company on a day-to-day basis and is accountable to the Board as such.

Role of the Board and processes

The role of the Board is to:

i. determine the direction and strategy of CDC in accordance with the Company's investment policy;
ii. monitor the achievement of the Company's business objectives;
iii. ensure that the Company's responsibilities to its shareholder are met;
iv. ensure that risks are identified and controls are in place; and
v. ensure that the Company's employees apply appropriate ethical standards in the performance of their duties in accordance with CDC's Code of Responsible Investing.

Certain matters are reserved for Board approval or decision and there is a clear delegation of authority to the Chief Executive and other senior executives within the Company for other specific matters.

Board membership

The Board structure ensures that no single individual or group dominates. CDC has procedures for planning, investing, reporting and measuring performance.

The Company's articles of association provide that one third of the Directors retire by rotation at each annual general meeting. The Directors retiring by rotation at the forthcoming annual general meeting are Diana Noble, Valentine Chitalu and Ian Goldin. Being eligible, Diana Noble, Valentine Chitalu and Ian Goldin offer themselves for re-election. The forthcoming annual general meeting will also acknowledge the retirement, as Director, of Ian Goldin with effect from 1 September 2016.

The Company's articles of association provide that new Directors should offer themselves for re-election at the first annual general meeting after their appointment. During the year, one Non-executive Director was appointed, Sam Fankhauser, and offered himself for re-election at the 2015 annual general meeting. Furthermore, one Executive Director was appointed, Clive MacTavish, and offers himself for re-election at the forthcoming annual general meeting.

The Board met seven times during 2015. The Chairman and the Chief Executive agree the agenda for Board meetings, but all Board members are entitled to raise other issues. The Chairman ensures that the Board is properly briefed on all issues arising at its meetings and on shareholder views of the Company. The Chief Executive supplies the Board with information which is timely and of a quality that enables it to carry out its duties. Training, where appropriate, is provided to the Board and employees. All Directors have access to the advice and services of Mark Kenderdine-Davies, the General Counsel, and Nicola Morse, the Company Secretary and they may obtain independent professional advice at CDC's expense, if required. All Board and Committee meetings are appropriately minuted.

The Non-executive Directors are regarded as independent and are from varied business and other backgrounds. The UK Department for International Development (DFID) has appointed two of the Company's Non-executive Directors who are deemed to be independent. The Non-executive Directors exercise judgement and carry substantial weight in Board decisions. They contribute to strategy and policy formation and monitor CDC's financial and managerial performance.

The Company's articles of association permit the Board to grant indemnities to the Directors in relation to their duties as directors. Such indemnities are in respect of liabilities incurred by a Director in connection with any negligence, default, breach of duty or breach of trust in relation to the Company unless the Director is ultimately held to be at fault. In line with market practice, each Director benefits from an indemnity which includes provisions in relation to duties as a Director of the Company or an associated company and protection against derivative actions.

Board directors

The table below indicates attendance of all the Directors, whose biographies are on pages 6 to 7, during the year ended 31 December 2015:

Number of meetings during the year	7
Graham Wrigley (Chair)	7
Diana Noble	7
Clive MacTavish (from November 2015)	1
Wim Borgdorff	7
Valentine Chitalu	6
Sam Fankhauser (from June 2015)	5
Michele Giddens	6
Ian Goldin	6
Keki Mistry	4*

* Two of the three meetings missed were ad-hoc meetings.

Graham Wrigley held three directorships and two trusteeships during 2015 excluding his CDC directorship. The Board considers that he had sufficient time to undertake his duties at CDC.

During 2015, an independent external evaluation of Board and Committee performance was carried out by Boardroom Review Limited. In summary, the conclusion was that the Board was performing appropriately with even, appropriate and positive engagement from all members and with a positive Board culture enabling openness and high quality debate. Boardroom Review Limited has no other connection with CDC.

Board committees

The Board has five principal committees to assist it in fulfilling its responsibilities. The Board has delegated investment decision powers to the investment committee, an executive committee which does not constitute a committee of the Board. The terms of reference of the principal committees are available for inspection on CDC's website.

Audit and Compliance

The table below indicates the members and their attendance at scheduled meetings during the year. The quorum is two members. The Chief Executive, the Chief Operating Officer and the Chief Financial Officer attend by invitation.

Number of meetings during the year	3
Valentine Chitalu (Chair)	3
Wim Borgdorff	3
Keki Mistry	3
Graham Wrigley	3

The Audit and Compliance Committee's main duties are to oversee the affairs of CDC, in particular to review the financial statements; review the findings of the external auditor; review the independence of the external auditor; direct the internal audit programme; monitor the management accounting and valuations procedures and policies; investigate any irregularities and oversee the Company's regulated activities and compliance function.

The Audit and Compliance Committee also reviews CDC's system of internal control, further details of which are set out below. It also oversees changes in the Company's external auditor in accordance with best practice. It has satisfied itself as to the independence of the external auditor. In doing so, it considered the following factors, having regard to the views of management, internal audit and the external auditor:

i. the external auditor's procedures in place for maintaining and monitoring independence, including those to ensure that the partners and staff have no personal or business relationships with the Company, other than those in the normal course of business permitted by ethical guidance in the United Kingdom;
ii. the external auditor's policies for the rotation of the lead partner and key audit personnel; and
iii. adherence by management and the external auditor during the year to the Group's policies for the procurement of non-audit services and the employment of former audit staff.

The Audit and Compliance Committee has established policies determining the non-audit services that the external auditor can provide and the procedures required for pre-approval of any such engagement. These policies provide for the auditor to be engaged only for work that is not prohibited by professional or other regulatory requirements. This essentially limits work to tax services and assurance services that are of an audit nature, but excludes internal audit services. Even where the policy allows for the external auditor to be engaged to provide non-audit services, prior approval is required from the Chief Financial Officer.

Risk

The table below indicates the members and their attendance at scheduled meetings during the year. The quorum is two members. The Chief Executive, the Chief Operating Officer, the Chief Financial Officer and the Chief Investment Officer attend by invitation.

Number of meetings during the year	**3**
Wim Borgdorff (Chair)	3
Valentine Chitalu	3
Sam Fankhauser (from June 2015)	2
Keki Mistry	3
Graham Wrigley	2

CDC established a Board Risk Committee in 2015 to oversee the implementation of the Risk Management Policy and the risks facing CDC. The Risk Committee is supported by the Chief Financial Officer, who is responsible to them for overseeing risk management across CDC.

People Development and Remuneration

The table below indicates the members and their attendance at scheduled meetings during the year. The quorum is two members. The Chief Executive attended all meetings by invitation (recusing herself when her own remuneration was discussed). The Chief Operating Officer and Chief Financial Officer attend by invitation.

Number of meetings during the year	**4**
Michele Giddens (Chair)	4
Wim Borgdorff	4
Ian Goldin	2
Graham Wrigley	4

The People Development and Remuneration Committee's remit includes the implementation of clear and transparent compensation policies consistent with CDC's mission, determining remuneration packages for the Chief Executive and senior management and making recommendations to the Board on the Company's policy on executive remuneration. Details are set out in the Directors' Remuneration Report on pages 12 to 13.

Development Impact

The table below indicates the members and their attendance at scheduled meetings during the year. The quorum is three members, which must include two nominated by DFID. The Chief Executive attended all meetings by invitation. The Chief Operating Officer and the Chief Investment Officer attend by invitation.

Number of meetings during the year	**4**
Sam Fankhauser (Chair from July 2015)	2
Michele Giddens	4
Ian Goldin (Acting Chair to July 2015)	1
Graham Wrigley	4

In July 2015, the Board appointed Sam Fankhauser as the Chair of the Development Impact Committee, with Ian Goldin stepping down as Acting Chair. Graham Wrigley chaired one meeting in the absence of Ian Goldin during his time as acting Chair.

The Development Impact Committee has oversight of the achievement of development impact through CDC's investments. The Committee oversees the work of the Development Impact team in monitoring and evaluating the creation of good quality jobs in some of the world's poorest places, as well as broader development impacts.

Nominations

The table below indicates the members and their attendance at scheduled meetings during the year. The Nominations Committee meets as required, with a quorum of two members. All Non-executive Directors are members of the Nominations Committee. Its remit includes appointing new Board members, reviewing the Board's independence, structure, size and composition and reviewing Committee composition. It also considers Board refreshment and succession planning (having regard to the rights of the Secretary of State for International Development as holder of a special share in the Company). The Chief Executive, Chief Operating Officer and the Chief Financial Officer attend by invitation.

Number of meetings during the year	**2**
Graham Wrigley (Chair)	2
Wim Borgdorff	2
Valentine Chitalu	2
Sam Fankhauser (from June 2015)	1
Michele Giddens	2
Ian Goldin	2
Keki Mistry	2

During 2015, the Nominations Committee approved the selection process for a new independent Non-executive Director, reviewed the shortlisted candidates and recommended a candidate for appointment by the Board, Sam Fankhauser. The Zygos Partnership, an independent firm specialising in Non-executive Director recruitment, was retained to conduct this search. The Nominations Committee also reviewed the appointment of Clive MacTavish as Executive Director.

The Board recognises that a diverse board contributes towards a high performing, effective Board. As such, the Board gives due regard to diversity, including gender, in the selection process as and when appointment opportunities arise. In November 2015, female director representation fell from 25% to 22.2% with the appointment of Clive MacTavish as an executive director. Further changes to the composition of the Board are anticipated in 2016 and there is a desire for female representation to revert to a minimum of 25% as an outcome of these changes.

Investment Committee

The Board has delegated certain of its investment decision making powers to the investment committee.

The membership of the investment committee includes independent members and members of senior executive management. From 8 May 2015, no Non-executive Directors sat on investment committees unless an investment fell outside of the clearly defined Delegated Authorities agreed with the Board. CDC has recruited highly experienced investors to complement the internal members of the investment committee. These are Wanching Ang, Ian Barney, Adam Barron, Zarir Cama, Rod Evison, Paul Fitzsimons, Mark Gidney, Stewart Hicks, Donald Peck and Nicholas Rouse.

Directors' conflicts of interest

Directors have a statutory duty to avoid conflicts of interest with the Company. The Company has processes to disclose and identify potential and actual conflicts of interest. Such conflicts are then considered for approval by the Board, subject, if necessary, to appropriate conditions.

General Counsel and Company Secretary

The Directors have access to the advice and services of the General Counsel and the Company Secretary. The Company Secretary is responsible for advising the Board on corporate governance and secretarial matters through the Chairman.

Internal control

The Board is ultimately responsible for the Group's internal control system and for reviewing its effectiveness. The design and operation of the system is delegated to the executive management team. Its effectiveness is regularly reviewed by the Audit and Compliance Committee. CDC's internal control system provides the Board with reasonable assurance that potential problems will typically be prevented or detected early with appropriate action taken. Material breaches are reported to the Audit and Compliance Committee and are properly actioned. As with any system of internal control, CDC's system is designed to manage, rather than eliminate, the risk of failure and therefore cannot provide absolute assurance against material misstatement or loss.

The Audit and Compliance Committee reviews the effectiveness of the Group's internal controls system. The key elements of the system include:

i. detailed business planning and control systems, including annual budgeting, business planning and quarterly reporting against financial and business targets;
ii. regular reviews by the Chief Executive of corporate strategies, best practice principles and commercial objectives;
iii. appropriate management authorisation, approval and control levels, from the Chief Executive downwards. The Board must specifically approve transactions above these levels; and
iv. a regular portfolio valuation process.

The most material financial risk to CDC is a significant reduction in the value of its portfolio and any subsequent impact on cash flows. This can be affected considerably by external factors beyond CDC's control. However, the Board is satisfied that the valuation process, described in note 23 to the financial statements, is rigorous and effective. It is also satisfied that CDC has robust cash forecasting and management techniques. CDC has an internal audit function, which operates to a programme approved by the Audit and Compliance Committee.

CDC's executive management team operates a continuous process, agreed with the Risk Committee, of identifying, evaluating and managing any significant risk, financial or non-financial, faced by the Company. This process also ensures that appropriate internal control mechanisms are in place. The team provides regular reports to the Risk Committee.

Ownership

The Secretary of State for International Development holds 1,215,036,043 (2014: 765,036,042) ordinary shares of £1 each and one special rights redeemable preference share of £1 in the capital of the Company. The remaining one issued ordinary share of £1 is held by the Solicitor for the Affairs of Her Majesty's Treasury.

Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution proposing the reappointment of KPMG LLP as the Company's auditor will be put to members at the forthcoming annual general meeting. The auditor was commissioned to undertake non-audit work during the year. This was within the Group policy for non-audit work by the auditor and did not affect the objectivity and independence of the auditor.

Employees

CDC's policy on employment is one of equal opportunity in the recruitment, training, career development and promotion of employees. Formal employee appraisals and informal discussions are CDC's principal means of updating itself on the views and opinions of its employees. In addition, CDC's managers are responsible for keeping their employees up to date with developments and performance of the business, which is achieved by way of regularly scheduled meetings.

Website

The maintenance and integrity of CDC's website is the responsibility of the Directors. The work carried out by the auditor does not involve consideration of these matters and accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Nicola Morse

Nicola Morse
Company Secretary
CDC Group plc
On behalf of the Board of Directors
15 April 2016
Registered in England No. 3877777

Directors’ Remuneration Report

Remuneration framework

Base salary

Individual base salaries reflect the job responsibilities, as well as experience and skills of each individual and are benchmarked to the comparator group. The comparator group for benchmarking purposes will be based on Development Finance Institutions for the investment teams and General Industry for the operations teams.

Annual increases to base salaries will be considered by the People Development and Remuneration Committee having regard to the change in Consumer Price Index (CPI) and other economic factors. In this respect, there was no annual increase in January 2016 as the CPI for the year to October 2015 was negative 0.1%.

Annual personal performance plan (APPP)

Employees in CDC, with the exception of the CEO, will qualify for an APPP award, subject to the achievement of annual individual and team objectives. Such APPP awards may be up to an average of 14.625% of salary.

Long-term development performance plan (LTDPP)

Senior CDC staff will qualify for an LTDPP award, capped relative to an individual’s salary and determined on tenure and the development outcome and performance of CDC’s portfolio. The CEO’s LTDPP award will be capped at £40,000 p.a. but this is subject to an overall salary and LTDPP cap of below £300,000 p.a. (pension and non-pension benefits do not count towards this overall cap). Payment of the LTDPP pool will be closely linked to the development impact potential and, increasingly over time, actual financial performance of CDC’s portfolio.

Benefits

Benefits offered to all staff including Executive Directors:

- life assurance cover, which will pay a lump sum equivalent to either four times base salary in the event of death, plus a dependent pension of 30% of salary, or eight times base salary with no dependent pension;
- permanent health insurance, which provides cover in the event that they are unable, through ill health, to continue to work for the Company;
- private medical insurance, which can include cover for family members;
- medical check-ups for all staff that frequently travel overseas on business; and
- non-contributory pension.

Pension arrangements

Diana Noble is eligible for contributions at the rate of 22.5% of base salary into a pension plan of her choice. Clive MacTavish is eligible for contributions into a pension plan of his choice at the rate of 15% of base salary, subject to the Earnings Cap (currently £149,400p.a.). Details of the pension contributions are disclosed on page 13.

People Development and Remuneration Committee

CDC’s People Development and Remuneration Committee during 2015 comprised Michele Giddens (Chair), Wim Borgdorff, Ian Goldin and Graham Wrigley.

Service agreements

Diana Noble has a service agreement which is terminable on either side by 12 months’ notice. Diana Noble will receive a salary of £265,815 for 2016 (2015: £265,815). She will not participate in the APPP but will be entitled to participate in CDC’s LTDPP subject to the cap mentioned above.

Clive MacTavish has a statement of written particulars of employment which is terminable on either side by 3 months’ notice. Clive MacTavish will receive a salary of £182,450. He will be entitled to participate in CDC’s APPP and LTDPP schemes.

The Non-executive Directors have letters of appointment including the terms disclosed on page 13. Non-executive Directors will be subject to re-election at an annual general meeting in accordance with the provisions for retirement of Directors by rotation contained in CDC’s Articles of Association. During the year, one Non-executive Director was appointed, Sam Fankhauser.

The remuneration of the Non-executive Directors takes the form of fees which have been agreed with DFID. The basic fee for all current Non-executive Directors (except for the Chairman) is £22,000 per annum (2014: £22,000).

The Chairman, Graham Wrigley, receives a basic fee of £35,000 per annum. Non-executive Directors appointed prior to 2014, except the Chairman, received an additional £2,000 per annum (2014: £2,000) for each committee membership or £4,000 per annum (2014: £4,000) for each committee they chair. Non-executive Directors appointed from 2014 will receive a fee of £22,000 to sit on the Board plus two committees and an additional £6,000 if they are appointed as Chair to any of the committees, subject to an overall cap of £28,000p.a.

In addition, Valentine Chitalu received £5,328 for being Chair of the Direct Equity Investment Committee for Africa up to 7 May 2015.

The fees paid to Non-executive Directors in 2015 are set out in the table below. The Non-executive Directors do not participate in any of the incentive or benefit schemes of the Company.

The service agreements and letters of appointment of the Directors include the following terms:

	Date of contract	Notice period (months)
Executive Directors		
Diana Noble	7 November 2011	12
Clive MacTavish	7 September 2015	3
Non-executive Directors		
Wim Borgdorff	1 September 2014	3
Valentine Chitalu	26 May 2010	3
Sam Fankhauser	13 April 2015	3
Michele Giddens	1 December 2014	3
Ian Goldin	10 February 2010	3
Keki Mistry	1 September 2014	3
Graham Wrigley	4 December 2013	3

Outside directorships

The Company believes that it can benefit from Executive Directors holding non-executive appointments. It also believes that such appointments provide a valuable opportunity for personal and professional development. Such appointments are subject to the approval of the Board. The Chief Executive and the Chief Financial Officer currently hold no such non-executive appointment.

Directors' remuneration

The remuneration of the Directors who held office during the year is shown in the table below, which has been audited by KPMG LLP:

	Base salary/fee £	Investment committee fee £	LTDPP £	APPP £	Pension £	Non-pension benefits £	Total 2015 £	Total 2014 £
Executive Directors								
Diana Noble	265,815	–	34,184	–	–*	3,231	303,230	302,576
Clive MacTavish (from 7 September 2015)	58,945	–	–	8,752	7,470	926	76,093	–
Non-executive Directors								
Wim Borgdorff	28,000	–	–	–	–	–	28,000	7,333
Valentine Chitalu	30,000	5,328	–	–	–	–	35,328	45,000
Sam Fankhauser (from 13 April 2015)	20,174	–	–	–	–	–	20,174	–
Michele Giddens	28,000	–	–	–	–	–	28,000	1,833
Ian Goldin	28,000	–	–	–	–	–	28,000	30,000
Keki Mistry	22,000	–	–	–	–	–	22,000	7,333
Graham Wrigley	35,000	–	–	–	–	–	35,000	35,000
Past Directors								
Jeremy Sillem (to 10 December 2014)	–	–	–	–	–	–	–	43,000
Fields Wicker-Miurin OBE (to 31 May 2014)	–	–	–	–	–	–	–	13,333

* Pension entitlements (audited by KPMG LLP)

Diana Noble is entitled to but was not paid a pension contribution in respect of 2015 of up to £59,808 (2014: £59,040).

No Non-executive Directors are entitled to a pension contribution.

Statement of Directors' Responsibilities

In respect of the Annual Accounts, Directors' and Strategic Report and Financial Statements

The Directors are responsible for preparing the Annual Accounts, Directors' and Strategic Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. Under that law they have elected to prepare both the Group and the Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 their profit or loss for that period. In preparing each of the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and 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 its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor’s Report to the members of CDC Group plc

We have audited the financial statements of CDC Group plc for the year ended 31 December 2015 set out on pages 16 to 46. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 explained more fully in the Directors’ Responsibilities Statement set out on page 14, the directors are responsible for the 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council’s website at 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 group’s and of the parent company’s affairs as at 31 December 2015 and of the group’s profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- he financial statements 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’ and Strategic 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 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.

Jonathan Martin
(Senior Statutory Auditor)
for and on behalf of KPMG LLP,
Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
15 April 2016

Consolidated Statement of Financial Position

As at 31 December

	Notes	2015 £m	2014 restated £m
Assets			
Non-current assets			
Equity investments	3	**2,931.3**	2,846.2
Loan investments	4	**141.4**	109.3
Plant and equipment	12	**3.5**	2.4
Forward foreign exchange contracts	7	**1.1**	19.2
		3,077.3	2,977.1
Current assets			
Trade and other receivables	13	**43.4**	12.6
Note receivable	21	**450.0**	–
Forward foreign exchange contracts	7	**28.9**	33.7
Cash and cash equivalents	5	**374.3**	395.9
		896.6	442.2
Total assets		**3,973.9**	3,419.3
Equity and liabilities			
Attributable to the equity holders of the Company			
Issued capital	6	**1,215.0**	765.0
Retained earnings		**2,686.2**	2,605.4
Total equity		**3,901.2**	3,370.4
Non-current liabilities			
Forward foreign exchange contracts	7	**0.1**	0.8
Other payables	14	**15.2**	8.3
		15.3	9.1
Current liabilities			
Trade and other payables	14	**25.3**	22.8
Forward foreign exchange contracts	7	**32.1**	17.0
		57.4	39.8
Total liabilities		**72.7**	48.9
Total equity and liabilities		**3,973.9**	3,419.3

Notes 1 to 23 form part of the financial statements.

The accounts were approved by the members of the Board on 15 April 2016 and were signed on their behalf by:

Graham Wrigley
Chairman

Diana Noble
Chief Executive

Consolidated Statement of Comprehensive Income

For the 12 months to 31 December

	Notes	2015 Total £m	2014 restated Total £m
Investment income	8	**23.6**	14.7
Fair value gains	3	**91.0**	417.7
Other income	8	**11.4**	11.3
Administrative and other expenses	9	**(39.0)**	(31.5)
		63.4	397.5
Profit from operations before tax and finance costs		**87.0**	412.2
Finance costs		**(0.1)**	(0.1)
Finance income		**0.8**	1.1
Net foreign exchange differences	10	**(7.2)**	5.9
Profit from operations before tax		**80.5**	419.1
Income tax expense	11	**(0.7)**	–
Profit for the year		**79.8**	419.1
Other comprehensive income			
Items that will never be reclassified to profit and loss:			
Recognised actuarial gain on pensions	15	**1.0**	2.4
		1.0	2.4
Total comprehensive income for the year		**80.8**	421.5

Notes 1 to 23 form part of the financial statements.

Consolidated Statement of Cash Flows

For the 12 months to 31 December

	Notes	2015 £m	2014 restated £m
Cash flows from operating activities			
Profit from operations before tax		**80.5**	419.1
Depreciation of plant and equipment	12	**0.4**	0.3
Finance income		**(0.8)**	(1.1)
Finance costs		**0.1**	0.1
Impairment of loan investments	4	**0.2**	0.7
Defined benefit pension costs	9	**2.0**	–
Change in value of equity investments	3	**(91.0)**	(417.7)
Loss on disposal of plant and equipment	12	**0.5**	–
Exchange and other movements		**(5.5)**	(1.9)
Profit from operations before changes in working capital		**(13.6)**	(0.5)
(Increase)/decrease in trade and other receivables		**(5.2)**	1.1
Decrease in derivative financial instruments		**37.3**	38.6
Increase in trade and other payables		**9.4**	5.9
Cash flows from operations		**27.9**	45.1
Defined benefit pension contributions paid	15	**(1.0)**	(1.0)
Bank interest received		**0.8**	1.1
Taxes paid	11	**(0.7)**	–
Cash flows from operating activities		**27.0**	45.2
Cash flows from investing activities			
Proceeds from sale of equity investments	3	**440.8**	539.9
Acquisition of equity investments	3	**(434.9)**	(560.8)
Acquisition of plant and equipment	12	**(2.0)**	–
Loan advances	4	**(82.7)**	(73.1)
Loan repayments	4	**30.2**	37.7
Cash flows from investing activities		**(48.6)**	(56.3)
Net decrease in cash and cash equivalents		**(21.6)**	(11.1)
Cash and cash equivalents at 1 January		**395.9**	407.0
Cash and cash equivalents at 31 December	5	**374.3**	395.9

Consolidated Statement of Changes in Equity

	Share capital £m	Retained earnings £m	Total £m
At 1 January 2014	765.0	2,183.9	2,948.9
Changes in equity for 2014			
Recognised actuarial gain on pensions	–	2.4	2.4
Net charge recognised directly in equity	–	2.4	2.4
Profit for the year (restated)	–	419.1	419.1
Total comprehensive income for the year (restated)	–	421.5	421.5
At 31 December 2014 (restated)	765.0	2,605.4	3,370.4
Changes in equity for 2015			
Recognised actuarial gain on pensions	–	**1.0**	**1.0**
Net income recognised directly in equity	–	**1.0**	**1.0**
Profit for the year	–	**79.8**	**79.8**
Total comprehensive income for the year	–	**80.8**	**80.8**
Issue of ordinary shares	**450.0**	–	**450.0**
At 31 December 2015	**1,215.0**	**2,686.2**	**3,901.2**

Company Statement of Changes in Equity

	Share capital £m	Retained earnings £m	Total £m
At 1 January 2014	765.0	2,183.9	2,948.9
Profit for the year (restated)	–	419.1	419.1
Recognised actuarial gain on pensions	–	2.4	2.4
Total comprehensive income for the year (restated)	–	421.5	421.5
At 31 December 2014 (restated)	765.0	2,605.4	3,370.4
Profit for the year	–	**79.8**	**79.8**
Recognised actuarial gain on pensions	–	**1.0**	**1.0**
Total comprehensive income for the year	–	**80.8**	**80.8**
Issue of ordinary shares	**450.0**	–	**450.0**
At 31 December 2015	**1,215.0**	**2,686.2**	**3,901.2**

Company Statement of Financial Position

As at 31 December

	Notes	2015 £m	2014 restated £m
Assets			
Non-current assets			
Equity investments	3	**2,931.8**	2,846.6
Loan investments	4	**141.4**	109.3
Plant and equipment	12	**3.5**	2.4
Forward foreign exchange contracts	7	**1.1**	19.2
		3,077.8	2,977.5
Current assets			
Trade and other receivables	13	**43.4**	12.6
Note receivable	21	**450.0**	–
Forward foreign exchange contracts	7	**28.9**	33.7
Cash and cash equivalents	5	**374.0**	395.6
		896.3	441.9
Total assets		**3,974.1**	3,419.4
Equity and liabilities			
Issued capital	6	**1,215.0**	765.0
Retained earnings		**2,686.2**	2,605.4
Total equity		**3,901.2**	3,370.4
Non-current liabilities			
Forward foreign exchange contracts	7	**0.1**	0.8
Other payables	14	**15.2**	8.3
		15.3	9.1
Current liabilities			
Trade and other payables	14	**25.5**	22.9
Forward foreign exchange contracts	7	**32.1**	17.0
		57.6	39.9
Total liabilities		**72.9**	49.0
Total equity and liabilities		**3,974.1**	3,419.4

Notes 1 to 23 form part of the financial statements.

The accounts were approved by the members of the Board on 15 April 2016 and were signed on their behalf by:

Graham Wrigley
Chairman

Diana Noble
Chief Executive

Company Statement of Cash Flows

For the 12 months to 31 December

	Notes	2015 £m	2014 restated £m
Cash flows from operating activities			
Profit from operations before tax		**80.5**	419.1
Depreciation of plant and equipment	12	**0.4**	0.3
Finance income		**(0.8)**	(1.1)
Finance costs		**0.1**	0.1
Impairment of loan investments	4	**0.2**	0.7
Defined benefit pension costs	9	**2.0**	–
Change in value of equity investments	3	**(91.1)**	(417.8)
Loss on disposal of plant and equipment	12	**0.5**	–
Exchange and other movements		**(5.5)**	(1.9)
Profit from operations before changes in working capital		**(13.7)**	(0.6)
(Increase)/decrease in trade and other receivables		**(5.2)**	1.1
Decrease in derivative financial instruments		**37.3**	38.6
Increase in trade and other payables		**9.5**	6.0
Cash flows from operations		**27.9**	45.1
Defined benefit pension contributions paid	15	**(1.0)**	(1.0)
Bank interest received		**0.8**	1.1
Taxes paid	11	**(0.7)**	–
Cash flows from operating activities		**27.0**	45.2
Cash flows from investing activities			
Proceeds from sale of equity investments	3	**440.8**	539.9
Acquisition of equity investments	3	**(434.9)**	(560.8)
Acquisition of plant and equipment	12	**(2.0)**	–
Loan advances	4	**(82.7)**	(73.1)
Loan repayments	4	**30.2**	37.7
Cash flows from investing activities		**(48.6)**	(56.3)
Net decrease in cash and cash equivalents		**(21.6)**	(11.1)
Cash and cash equivalents at 1 January		**395.6**	406.7
Cash and cash equivalents at 31 December	5	**374.0**	395.6

Notes to the Accounts

1. Corporate information and accounts preparation

Corporate information

The financial statements of CDC Group plc (CDC or the Company) for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Directors on 15 April 2016. CDC is a limited company incorporated in England and Wales whose shares are not publicly traded. The Group's primary activity is investing in emerging markets. Both the Company and some of the Group's subsidiaries make investments.

Statement of compliance

The financial statements of the Group and Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) and as adopted by the European Union.

The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual statement of comprehensive income and related notes.

Basis of preparation

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments and other financial instruments that have been presented and measured at fair value in accordance with relevant accounting standards. The financial statements are presented on a going concern basis and in Pounds Sterling and all values are rounded to the nearest one hundred thousand pounds except where otherwise indicated.

During 2015, the Company revised the classification of the Department for International Development Impact Facilities. Comparative amounts in the financial statements have been restated for consistency. The impact of the restatement was a £1.3m effect on net assets.

The preparation of financial statements under IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimate is revised. The area on which the most significant estimates and judgements are made is on the fair value of equity investments. The Group's fair value methodology for equity investments is disclosed in note 23.

In the process of applying the accounting policies, CDC has made the following judgement which has a significant effect on the amounts recognised in the financial statements:

Assessment as investment entity

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them. The criteria which define an investment entity are, as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis

CDC's purpose is to invest for capital appreciation and investment income so as to contribute to sustainable development and economic growth in Africa and South Asia by creating lasting employment.

CDC has one investor, the Department for International Development ("DFID"). Its funds are provided by DFID in the form of share capital with the intention that CDC provides investment management services by using those funds to invest in developing countries through a mixture of direct investment and fund of funds private equity structures.

CDC's mission is to invest to support the growth of all sizes of private sector business from the micro-level right up to the largest because it believes that a balanced private sector is necessary for economic development and robust job creation. In addition to creating jobs, CDC intends to demonstrate that it is possible to invest successfully in challenging environments, thereby attracting other sources of capital including fully commercial capital in time. Whilst CDC's mission statement does not explicitly state that CDC commits to investing for capital return and/or investment income, the nature of the investments made by CDC and its track record in recent years indicates that investments are being made on this basis. The core remit of all investments is that capital appreciation and investment income will be earned, alongside a sustainable return in the countries within which they are investing. Moreover CDC currently invest in a range of large and mid-market Private Equity houses who are clearly focussed on such capital appreciation. These houses have a diverse range of investors including high net wealth individuals, financial institutions and other fund of fund investors, each of whom is investing for capital appreciation and investment income.

CDC also seeks to demonstrate that it is possible to have invested successfully in challenging environments, thereby attracting other sources of capital. CDC therefore plans a path to investment exit and a new ownership that will take the investment to its next level, as successful exits from investments have this demonstration effect.

CDC manages, measures and reports its investment portfolio of over 200 investments at fair value in accordance with International Private Equity and Venture Capital Valuation Guideline (December 2012). Whilst CDC has one investor, the nature of the investor, being the UK government, is such that it is in effect investing on behalf of the UK tax payer and therefore a link to multiple unrelated investors can be made.

On the basis of the above, CDC has concluded that it meets the definition of an investment entity. These conclusions will be reassessed on an annual basis, if any of these criteria or characteristics change.

Consolidation

Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries who provide services and are not themselves investment entities (non-investment subsidiaries), for the year ended 31 December 2015. The financial statements of subsidiaries are prepared for the same reporting year as the Company. Consistent accounting policies are applied, with adjustments being made to bring into line any dissimilar accounting policies.

Subsidiaries are all entities over which the Company has control. Control is defined as the rights to direct relevant activities of an entity so as to obtain benefits from its activities. This generally results from a shareholding of more than one half of voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are also considered when assessing whether the Company controls another entity.

Non-investment subsidiaries are fully consolidated from the date on which control passes to the Company and consolidation ceases from the date that control ends. All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, are eliminated in full on consolidation.

All investment entity subsidiaries are accounted for at fair value through profit and loss.

Associates

Under the provisions of IAS 28, the Group has adopted the exemption for investment and venture capital companies to account for all investments where the Group has significant influence (presumed in all 20% to 50% holdings) under the provisions of IAS 39 'Financial Instruments: recognition and measurement'. These are designated as fair value through profit and loss account, with changes in fair value being recognised in the statement of comprehensive income for the period.

Foreign currency translation

Items included in the financial statements of each of the Group's non-investment subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Pounds Sterling.

Foreign currency transactions are translated into the functional currency of the underlying reporting entity using the exchange rate prevailing at the date of the transaction. Assets and liabilities are retranslated at spot rates at the statement of financial position date. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation of assets and liabilities denominated in foreign currencies at the year end exchange rate are recognised in the statement of comprehensive income.

The results and financial position of all non-investment subsidiaries that have a functional currency different from the reporting currency of the Group are translated into the presentation currency as follows:

- Assets and liabilities: Closing rate at the date of the statement of financial position
- Income and expenses: Average rate
- Cash flows: Average rate

Resulting exchange differences on translation of subsidiary financial statements are taken to a currency translation reserve as a separate component of equity. Upon disposal of subsidiaries, the related exchange gains and losses are taken to the statement of comprehensive income.

A summary of other significant accounting policies can be found in note 23.

Notes to the Accounts
– continued

2. Operating segments analysis

Operating segments are the components of the entity whose results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. CDC's operating segments are internally reported to the Group's Chief Executive and reviewed at least quarterly.

For management purposes, CDC is organised into business units based on its investment instrument types and has four reportable segments: direct debt; direct equity; intermediated funds and forward foreign exchange contracts. No operating segments have been aggregated to form the reportable operating segments.

Information related to each reportable segment is set out below. Segment portfolio return is used to measure performance because management believe that this information is the most relevant in evaluating the results of the respective segments.

	Debt 2015 £m	**Equity 2015 £m**	**Funds 2015 £m**	**Forward foreign exchange contracts 2015 £m**	**Total 2015 £m**
Segment portfolio return	**18.5**	**80.4**	**35.4**	**(12.8)**	**121.5**
Total segment operating profit/(loss)	**18.5**	**80.4**	**35.4**	**(12.8)**	**121.5**
Segment assets – Portfolio value	**214.1**	**682.3**	**2,095.3**	**7.5**	**2,999.2**

	2014 £m	2014 £m	2014 £m	2014 £m	2014 £m
Segment portfolio return	15.1	21.1	410.0	4.7	450.9
Total segment operating profit	15.1	21.1	410.0	4.7	450.9
Segment assets – Portfolio value	118.3	212.6	2,554.9	40.5	2,926.3

During the year there were no transactions between operating segments.

Portfolio return from one manager of the Group's Funds segment represented approximately £70.8m of the Group's total portfolio return. The Funds segment portfolio return has been offset by a portfolio loss of approximately £93.3m from one other manager.

Portfolio return from one investment in the Group's Equity segment represented approximately £18.7m of the Group's total portfolio return.

Within the management reports, CDC also consolidates investment entity subsidiaries in order to review investments at a fund level. This does not impact these subsidiaries' investment entity status under IFRS 10. In the primary statements, these investment entity subsidiaries are not consolidated but are held as investments at fair value. The classification differences relate mainly to portfolio, cash and cash flows.

Statement of comprehensive income

	Notes	Primary statements 2015 £m	Reconciling items: Reclassify portfolio items 2015 £m	Reconciling items: Other items and reclassifications 2015 £m	Management reports 2015 £m
Portfolio return	3, 4 & 8*	**119.8**	**1.7**	**–**	**121.5**
Administrative expenses/operating costs	9	**(38.2)**	**–**	**4.7**	**(33.5)**
Other net expense		**(1.5)**	**(1.7)**	**(4.0)**	**(7.2)**
Finance costs		**(0.1)**	**–**	**0.1**	**–**
Finance income		**0.8**	**–**	**(0.8)**	**–**
Total comprehensive income/total return after tax		**80.8**	**–**	**–**	**80.8**

	Notes	2014 restated £m	2014 £m	2014 £m	2014 restated £m
Portfolio return	3, 4 & 8*	433.5	17.4	–	450.9
Administrative expenses/operating costs	9	(30.5)	–	1.1	(29.4)
Other net income/(expense)		17.5	(17.4)	(0.1)	–
Finance costs		(0.1)	–	0.1	–
Finance income		1.1	–	(1.1)	–
Total comprehensive income/total return after tax		421.5	–	–	421.5

* Portfolio return per the primary statements is the aggregate of the increase/(decrease) in fair value of equity investments in note 3, provision charges and exchange adjustment in note 4 and total investment income in note 8.

Statement of financial position

	Notes	Primary statements 2015 £m	Reconciling items: Reclassify portfolio items 2015 £m	Reconciling items: Other items and reclassifications 2015 £m	Management reports 2015 £m
Portfolio value	3, 4 & 13*	**3,104.9**	**7.5**	**(113.2)**	**2,999.2**
Net cash and short term deposits	5	**374.3**	**–**	**63.5**	**437.8**
Other net assets/(liabilities)		**422.0**	**(7.5)**	**49.7**	**464.2**
Total net assets attributable to equity holders of the Company		**3,901.2**	**–**	**–**	**3,901.2**

	Notes	2014 restated £m	2014 £m	2014 £m	2014 restated £m
Portfolio value	3, 4 & 13*	2,961.3	40.5	(75.5)	2,926.3
Net cash and short term deposits	5	395.9	–	55.2	451.1
Other net assets/(liabilities)		13.2	(40.5)	20.3	(7.0)
Total net assets attributable to equity holders of the Company		3,370.4	–	–	3,370.4

* Portfolio per the primary statements is the aggregate of equity investments in note 3, the total of current and non-current loan investments in note 4 and guarantees in note 13

Notes to the Accounts
– continued

2. Operating segments analysis *(continued)*

Statement of cash flows

	Primary statements 2015 £m	Reconciling items: Reclassify portfolio items 2015 £m	Reconciling items: Other items and reclassifications 2015 £m	Management reports 2015 £m
Portfolio drawdowns	**(517.6)**	**–**	**(1.1)**	**(518.7)**
Portfolio receipts	**471.0**	**23.1**	**57.5**	**551.6**
Net investment flows	**(46.6)**	**23.1**	**56.4**	**32.9**
Other cash flows	**25.0**	**(23.1)**	**(48.1)**	**(46.2)**
Net (decrease)/increase in cash & cash equivalents	**(21.6)**	**–**	**8.3**	**(13.3)**

	2014 restated £m	2014 £m	2014 £m	2014 £m
Portfolio drawdowns	(633.9)	–	161.6	(472.3)
Portfolio receipts	577.6	13.4	(124.6)	466.4
Net investment flows	(56.3)	13.4	37.0	(5.9)
Other cash flows	45.2	(13.4)	(21.3)	10.5
Net (decrease)/increase in cash & cash equivalents	(11.1)	–	15.7	4.6

Geographic information

The following tables show the distribution of CDC's portfolio return allocated based on the region of the investments.

	Africa 2015 £m	South Asia 2015 £m	Rest of World 2015 £m	Multi-region* 2015 £m	Total 2015 £m
Segment portfolio return	**22.5**	**(144.4)**	**244.2**	**(2.5)**	**119.8**

	2014 £m	2014 £m	2014 £m	2014 £m	2014 £m
Segment portfolio return	79.8	(2.4)	248.5	107.6	433.5

* Multi-region includes investments which span across all three of the other geographic segments.

3. Equity investments

	Group					
	2015 Listed Shares £m	**2015 Unlisted Shares £m**	**2015 Total £m**	2014 restated Listed Shares £m	2014 restated Unlisted Shares £m	2014 restated Total £m
At 1 January, at fair value	**26.1**	**2,820.1**	**2,846.2**	19.4	2,388.2	2,407.6
Additions	**90.0**	**344.9**	**434.9**	9.9	550.9	560.8
Disposals	**–**	**(440.8)**	**(440.8)**	–	(539.9)	(539.9)
Increase/(decrease) in fair value for the year	**6.8**	**84.2**	**91.0**	(3.2)	420.9	417.7
At 31 December, at fair value	**122.9**	**2,808.4**	**2,931.3**	26.1	2,820.1	2,846.2

	Company							
	2015 Listed Shares £m	**2015 Unlisted Shares £m**	**2015 Shares held in Group Companies £m**	**2015 Total £m**	2014 restated Listed Shares £m	2014 restated Unlisted Shares £m	2014 restated Shares held in Group Companies £m	2014 restated Total £m
At 1 January, at fair value	**26.1**	**2,820.1**	**0.4**	**2,846.6**	19.4	2,388.2	0.3	2,407.9
Additions	**90.0**	**344.9**	**–**	**434.9**	9.9	550.9	–	560.8
Disposals	**–**	**(440.8)**	**–**	**(440.8)**	–	(539.9)	–	(539.9)
Increase/(decrease) in fair value for the year	**6.8**	**84.2**	**0.1**	**91.1**	(3.2)	420.9	0.1	417.8
At 31 December, at fair value	**122.9**	**2,808.4**	**0.5**	**2,931.8**	26.1	2,820.1	0.4	2,846.6

Listed shares represent Level 1 of the fair value hierarchy, unless they are valued on a basis other than the quoted price as explained in note 23. The current value of such investments is £1.1m (2014: £5.2m) and they are included within Level 3. Unlisted shares are included within Level 3. CDC holds no Level 2 investments. There have been no transfers between Level 1 (listed shares) and Level 3 (unlisted shares) and vice versa during the year.

The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset that are not based on observable market data (unobservable inputs).

The Group's fair value methodology for equity investments is disclosed note in 23.

Under level 3, if the net asset values of the funds change by 10% (the net asset value being the key unobservable input) then the market value would change by £280.8m (2014: £282.0m).

The fair value hierarchy also applies to forward foreign exchange contracts, see note 7 for further details.

The Group has exposure to a number of unconsolidated structured entities as a result of its investment activities in equity. They are limited life private equity funds or co-investments managed by general partners under a limited partnership agreement. The risk and maximum exposure to loss arising from the Group's involvement with these entities is their fair value of £1,400.6m. The Group earned investment income of £2.5m and generated fair value gains of £138.3m from these entities during the year.

4. Loan investments

	Group and Company	
	2015 £m	2014 £m
At 1 January	**115.1**	78.6
Loan advances	**82.7**	73.1
Loan repayments	**(30.2)**	(37.7)
Provision charge for the year	**(0.2)**	(0.7)
Exchange adjustment	**5.4**	1.8
At 31 December	**172.8**	115.1
Less: Loan investments due within one year (note 13)	**(31.4)**	(5.8)
At 31 December	**141.4**	109.3

5. Cash and cash equivalents

	Group		Company	
	2015 £m	2014 £m	**2015 £m**	2014 £m
Cash at bank and in hand	**70.9**	62.1	**70.6**	61.8
Short-term deposits receivable within 90 days	**276.0**	333.8	**276.0**	333.8
Short-term deposits receivable after 90 days	**27.4**	–	**27.4**	–
Total cash and cash equivalents	**374.3**	395.9	**374.0**	395.6

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods between one day and 150 days depending on the immediate requirements of the Group and earn interest at the respective short- term deposit rates. The fair value of cash and cash equivalents is £374.3m (2014: £395.9m).

6. Issued capital

	2015 Number	**2015 £m**	2014 Number	2014 £m
Allotted, called up and fully paid				
At 1 January, Ordinary shares of £1 each	**765,036,043**	**765.0**	765,036,043	765.0
Issued, Ordinary shares of £1 each	**450,000,000**	**450.0**	–	–
At 31 December, Ordinary shares of £1 each	**1,215,036,043**	**1,215.0**	765,036,043	765.0

Ordinary shares

During the year ended 31 December 2015, the Company issued 450,000,000 ordinary shares to a related party, see note 21 for further details.

Number of ordinary shares reserved for issue under a subscription agreement is 284,963,957 shares (2014: nil).

Special rights redeemable preference share

One special rights redeemable preference share of £1 is issued and fully paid. The ownership of the special rights redeemable preference share is restricted to the agents of the Crown. It has special rights to restrict changes to the Company's Memorandum and Articles of Association and changes to the Company's capital structure. The share otherwise carries no voting rights and no rights to share in the capital or profits of the Company.

Parent company

The Company's parent is the Secretary of State for International Development.

7. Forward foreign exchange contracts ('FFECs')
Forward foreign exchange contracts (current and non-current) comprise:

	Group and Company	
	2015 £m	2014 £m
Gross foreign exchange contracts in profit	**30.0**	52.9
Gross foreign exchange contracts in loss	**(32.2)**	(17.8)
Net total	**(2.2)**	35.1

In the statement of financial position, these are analysed as follows:

	Group and Company	
	2015 £m	2014 £m
Non-current assets	**1.1**	19.2
Current assets	**28.9**	33.7
Non-current liabilities	**(0.1)**	(0.8)
Current liabilities	**(32.1)**	(17.0)
Total	**(2.2)**	35.1

In accordance with the fair value hierarchy described in note 3, forward foreign exchange contracts are measured using Level 2 inputs.

Contracts not designated for hedge accounting
At 31 December 2015, the Group held 97 FFECs (2014: 106 FFECs) which were not designated for the purposes of hedge accounting, but were used to mitigate the currency effects on the Group's US$, South African rand (ZAR), Euro and Indian rupee (INR) denominated debt investments and cash balances.

The Group's Sterling denominated contracts comprise:

Foreign currency	**2015 Foreign currency in millions**	**2015 Average spot price**	**2015 £m**	2014 Foreign currency in millions	2014 Average spot price	2014 £m
US dollar	**947.6**	**1.5453**	**613.2**	944.1	1.5867	595.0
South African rand	**72.5**	**22.1353**	**3.3**	43.0	18.0393	2.4
Euro	**30.4**	**1.4074**	**21.6**	59.3	1.2716	46.6
Indian rupee	**9,876.0**	**95.2263**	**103.7**	1,151.0	93.0929	12.4

The Group's Non-Sterling denominated contracts with investment entities comprise:

Foreign currency	**2015 Foreign currency in millions**	**2015 Average spot price**	**2015 US$m**	2014 Foreign currency in millions	2014 Average spot price	2014 US$m
Indian rupee	**12,354.0**	**65.3965**	**188.9**	2,004.0	61.7375	32.5

Gains or losses arising from the movement in fair values of these FFECs are taken to the statement of comprehensive income.

An explanation of the Group's objectives, policies and strategies for the role of derivatives and other financial instruments in managing the risks of the Group can be found in the Financial Performance review on page 1 to 5.

8. Income

	2015 Total £m	2014 restated Total £m
Investment income		
Interest income	**14.1**	12.2
Loan and guarantee fee income	**1.7**	0.8
Dividend income	**7.8**	1.7
Total investment income	**23.6**	14.7
Other income		
Management fee income	**9.3**	7.3
Other operating income	**2.1**	4.0
Total other income	**11.4**	11.3

9. Administrative and other expenses

	2015 Total £m	2014 restated Total £m
Wages and salaries	**(13.4)**	(10.6)
Social security costs	**(2.0)**	(1.7)
Pension costs – defined benefit	**(2.0)**	–
Pension costs – defined contribution	**(1.2)**	(0.9)
Long-term Development Performance Plan accrual	**(2.8)**	(2.5)
Total employee benefits expense	**(21.4)**	(15.7)
Professional services	**(2.9)**	(2.4)
Auditor remuneration (see below)	**(0.6)**	(0.7)
Operating leases expense	**(1.8)**	(1.7)
Other administrative expenses	**(11.5)**	(10.0)
Total administrative expenses	**(38.2)**	(30.5)
Depreciation of plant and equipment	**(0.4)**	(0.3)
Other expenses	**(0.4)**	(0.7)
Total administrative and other expenses	**(39.0)**	(31.5)

The average monthly number of Group employees during the year was 145 (2014: 120).

The aggregate of Directors' remuneration in 2015 was £0.6m (2014: £0.5m). Refer to pages 12 to 13 for the Directors' Remuneration Report which gives more details on remuneration and Long-term Development Performance Plan.

	2015 Total £m	2014 Total £m
Audit of the financial statements*	**(0.2)**	(0.2)
Other services	**(0.4)**	(0.5)
Total auditor remuneration	**(0.6)**	(0.7)

*Audit fees for the Company amounted to £0.2m (2014: £0.2m).

10. Net foreign exchange differences

	2015 Total £m	2014 Total £m
Exchange gains arising on loan investments	**5.4**	1.8
Exchange losses arising on forward foreign exchange contracts	**(30.4)**	(20.4)
Exchange gains arising on cash and cash equivalents	**17.8**	24.5
Total net foreign exchange differences	**(7.2)**	5.9

11. Income Tax

	2015 Total £m	2014 Total £m
Withholding tax expense	**0.7**	–
Total income tax expense	**0.7**	–

The UK Corporation tax rate is reconciled to the effective tax rate for the year as follows:

	2015 %	2014 %
UK Corporation tax rate	**20.3**	21.5
Effect of overseas taxation	**(0.2)**	–
Effect of UK tax exemption	**(19.2)**	(21.5)
Effective tax rate for the year	**0.9**	–

UK tax exemption

By virtue of the CDC Act 1999, CDC Group plc was granted exemption from UK Corporation tax with effect from 1 May 2003. This exemption amounted to £15.5m in 2015 (2014: £89.8m). The exemption does not apply to both the Company in jurisdictions outside the UK and the Company's subsidiaries which pay tax in the jurisdictions where they operate.

12. Plant and equipment

	Group and Company	
	2015 £m	2014 £m
At 1 January	**2.4**	2.7
Additions	**2.0**	–
Disposals	**(0.5)**	–
Depreciation charge for the year	**(0.4)**	(0.3)
At 31 December	**3.5**	2.4

13. Trade and other receivables

	Group and Company	
	2015 £m	2014 restated £m
Loan investments due from third parties (note 4)	**31.4**	5.8
Guarantees	**0.8**	–
Amounts owed by investment entities	**3.9**	4.4
Prepayments	**0.7**	0.5
VAT recoverable	**0.5**	0.4
Other receivables	**6.1**	1.5
Total trade and other receivables	**43.4**	12.6

14. Trade and other payables (current and non-current)

	Group		Company	
	2015 £m	2014 restated £m	2015 £m	2014 restated £m
Trade payables	**0.5**	0.2	**0.5**	0.2
Amounts owed to investment entities	**18.3**	18.2	**18.3**	18.2
Amounts owed to non-investment subsidiaries	–	–	**0.1**	0.1
Other taxes and social security	**0.5**	0.4	**0.5**	0.4
Accruals and deferred income	**6.0**	4.0	**6.1**	4.0
Total trade and other payables (current)	**25.3**	22.8	**25.5**	22.9
Payable to DFID	**8.0**	2.6	**8.0**	2.6
Other payables	**7.2**	5.7	**7.2**	5.7
Total other payables (non-current)	**15.2**	8.3	**15.2**	8.3

15. Pension commitments

The Company and Group operate one funded pension scheme in the UK called the CDC Pensions Scheme. This provides benefits on a defined benefit basis for staff who entered service prior to 1 April 2000. Subsequent entrants are eligible for membership of a separate defined contribution scheme. The pension scheme is funded by the payment of contributions to a separately administered trust fund.

The majority of the scheme's liabilities are covered by an insurance policy bought by the Pension Scheme Trustee in 2009. The buy-in substantially reduces the chance that scheme assets will diverge in value from the scheme liabilities. For example, if the discount rate was to decrease by 0.25%, scheme liabilities would increase by 4.7% but this would be largely offset by an increase in scheme assets of 4.5%. Similarly, if life expectancy at age 60 was to increase by one year, scheme liabilities would increase by 3.7% but assets would increase by 3.6%. The 31 March 2012 actuarial valuation showed that after the buy-in, Technical Provisions were £12.6m and the scheme assets were £12.7m, giving a funding surplus of £0.1m. Having taken advice from a firm of independent qualified actuaries, the agreed contributions payable by the Company from 2015 are £1.0m per year. Annual valuations are prepared using the projected unit credit method. Scheme assets are stated at their market values at the respective statement of financial position dates. The weighted average duration of the defined benefit obligations is 19 years.

Main assumptions:	**2015 %**	2014 %
Discount rate	**3.7**	3.5
Inflation assumption	**3.3**	3.3
Pre 1 May 1996 joiners (for pensions accrued before 1 April 2000) increases	**5.0**	5.0
Pre 1 May 1996 joiners (for pensions accrued after 31 March 2000) increases and post 30 April 1996 joiners	**3.3**	3.3
Rate of increase for deferred pensions	**3.3**	3.3

Life expectancy of a pensioner reaching age 60	Male	Female
In 2015	29.6	32.9
In 2014	29.5	32.9
In 2025	30.9	33.1
In 2024	30.8	33.1

Assets and liabilities of the scheme at 31 December	**2015 £m**	2014 £m
Buy-in contract with Rothesay Life	**363.5**	387.6
Net current assets	**11.5**	11.1
Fair value of assets	**375.0**	398.7
Defined benefit obligation	**(368.9)**	(391.3)
Surplus	**6.1**	7.4
Restriction due to asset ceiling	**(6.1)**	(7.4)
Net pension liability	**–**	–

Reconciliation of the asset/(liability):	**Defined benefit obligation £m**	**Fair value of assets £m**	**Asset Ceiling £m**	**Asset/ (liability) £m**
At 31 December 2014	(391.3)	398.7	(7.4)	–
Administration costs incurred during the year	**–**	**(0.3)**	**–**	**(0.3)**
Interest cost	**(13.4)**	**13.6**	**(0.2)**	**–**
Past service cost – plan amendments	**(1.7)**	**–**	**–**	**(1.7)**
Cost recognised in administrative expenses	**(15.1)**	**13.3**	**(0.2)**	**(2.0)**
Actuarial gain due to liability experience	**5.2**	**–**	**–**	**5.2**
Actuarial gain due to liability assumptions	**13.7**	**–**	**–**	**13.7**
Actuarial gain on assets	**–**	**(19.4)**	**–**	**(19.4)**
Change in effect of asset ceiling	**–**	**–**	**1.5**	**1.5**
Remeasurement effects recognised in the Group's statement of comprehensive income	**18.9**	**(19.4)**	**1.5**	**1.0**
Employer contributions to the CDC Pensions Scheme	**–**	**1.0**	**–**	**1.0**
Benefits paid (including administration costs)	**18.6**	**(18.6)**	**–**	**–**
Cashflows	**18.6**	**(17.6)**	**–**	**1.0**
At 31 December 2015	**(368.9)**	**375.0**	**(6.1)**	**–**

16. Financial instruments

The Group's principal financial assets (as defined in IFRS 7) comprise cash, short-term deposits, amounts receivable under finance leases, foreign exchange contracts, trade receivables, notes receivable, guarantees, loan investments and equity investments. For the purposes of this note, the disclosure on financial assets has been split between these asset classes in order to give more meaningful information. Financial liabilities comprise trade and other payables and foreign exchange contracts. The benchmark rate for floating rate assets and liabilities is based on one-week to six-month LIBOR rates.

None of the Group's trade receivables or payables bear interest.

Interest rate exposures – Group

	Fixed rate £m	Floating rate £m	No interest £m	Total £m	Fixed rate weighted average interest rate %	Fixed rate weighted period to full maturity Years	No interest maximum period to full maturity Years
Financial assets: Cash							
2015	**–**	**68.1**	**2.8**	**70.9**	**–**	**–**	*
2014	–	59.8	2.3	62.1	–	–	*
Financial assets: Short-term deposits receivable within 90 days							
2015	**276.0**	**–**	**–**	**276.0**	**0.4%**	**1.0**	**–**
2014	333.8	–	–	333.8	0.2%	1.0	–
Financial assets: Short-term deposits receivable after 90 days							
2015	**27.4**	**–**	**–**	**27.4**	**0.6%**	**1.0**	**–**
2014	–	–	–	–	–	–	–
Financial assets: Loan investments							
2015	**27.5**	**144.5**	**–**	**172.0**	**12.8%**	**4.4**	**–**
2014	–	115.1	–	115.1	–	–	–

* The Group's no interest cash is repayable on demand.

Interest rate exposures – Company

	Fixed rate £m	Floating rate £m	No interest £m	Total £m	Fixed rate weighted average interest rate %	Fixed rate weighted period to full maturity Years	No interest maximum period to full maturity Years
Financial assets: Cash							
2015	**–**	**68.1**	**2.5**	**70.6**	**–**	**–**	*
2014	–	59.8	2.0	61.8	–	–	*
Financial assets: Short term deposits receivable within 90 days							
2015	**276.0**	**–**	**–**	**276.0**	**0.4%**	**1.0**	**–**
2014	333.8	–	–	333.8	0.2%	1.0	–
Financial assets: Short-term deposits receivable after 90 days							
2015	**27.4**	**–**	**–**	**27.4**	**0.6%**	**1.0**	**–**
2014	–	–	–	–	–	–	–
Financial assets: Loan investments							
2015	**27.5**	**144.5**	**–**	**172.0**	**12.8%**	**4.4**	**–**
2014	–	115.1	–	115.1	–	–	–

* The Company's no interest cash is repayable on demand.

16. Financial instruments *(continued)*

Currency exposures – Group

The tables below show the Group's currency exposures that give rise to exchange rate gains and losses that are recognised in the statement of comprehensive income. Such exposures comprise those monetary assets and liabilities of Group companies that are not denominated in their functional currency. In order to protect the Group's Sterling statement of financial position and reduce cash flow risk, the Group uses forward foreign exchange contracts to hedge foreign exposures arising on forecast receipts, cash balances and payments in foreign currencies.

The following table shows the Group's foreign currency denominated cash balances:

Functional currency	2015 US dollars £m	2015 Other £m	2015 Total £m	2014 US dollars £m	2014 Other £m	2014 Total £m
Sterling	300.2	5.2	305.4	266.5	8.9	275.4
Total	300.2	5.2	305.4	266.5	8.9	275.4

The following table shows the functional currency of the Group's equity investments:

Functional currency	2015 Listed equity at valuation £m	2015 Unlisted equity at valuation £m	2015 Total £m	2014 restated Listed equity at valuation £m	2014 restated Unlisted equity at valuation £m	2014 restated Total £m
US dollar	1.1	2,503.2	2,504.3	5.3	2,603.9	2,609.2
Indian rupee	–	157.1	157.1	–	94.7	94.7
Pakistani rupee	95.1	–	95.1	–	–	–
Euro	–	93.7	93.7	–	67.8	67.8
Chinese yuan	–	29.4	29.4	–	27.2	27.2
Sterling	–	23.2	23.2	–	22.9	22.9
Ugandan shilling	14.7	–	14.7	12.2	–	12.2
Tanzania shilling	8.5	–	8.5	–	–	–
South African rand	3.5	1.7	5.2	8.6	3.5	12.1
Other	–	0.1	0.1	–	0.1	0.1
Total	122.9	2,808.4	2,931.3	26.1	2,820.1	2,846.2

Currency exposures – Company

The tables below show the Company's currency exposures that give rise to exchange rate gains and losses that are recognised in the statement of comprehensive income. Such exposures comprise those monetary assets and liabilities that are not denominated in the Company's functional currency. In order to protect the Company's Sterling statement of financial position and reduce cash flow risk, the Company uses forward foreign exchange contracts to hedge foreign exposures arising on forecast receipts, cash balances and payments in foreign currencies.

The following table shows the Company's foreign currency denominated cash balances:

Functional currency	**2015 US dollars £m**	**2015 Other £m**	**2015 Total £m**	2014 US dollars £m	2014 Other £m	2014 Total £m
Sterling	**300.2**	**4.9**	**305.1**	266.5	8.6	275.1
Total	**300.2**	**4.9**	**305.1**	266.5	8.6	275.1

The following table shows the functional currency of the Company's equity investments:

Functional currency	**2015 Listed equity at valuation £m**	**2015 Unlisted equity at valuation £m**	**2015 Total £m**	2014 restated Listed equity at valuation £m	2014 restated Unlisted equity at valuation £m	2014 restated Total £m
US dollar	**1.1**	**2,503.2**	**2,504.3**	5.3	2,603.9	2,609.2
Indian rupee	**–**	**157.6**	**157.6**	–	95.1	95.1
Pakistani rupee	**95.1**	**–**	**95.1**	–	–	–
Euro	**–**	**93.7**	**93.7**	–	67.8	67.8
Chinese yuan	**–**	**29.4**	**29.4**	–	27.2	27.2
Sterling	**–**	**23.2**	**23.2**	–	22.9	22.9
Ugandan shilling	**14.7**	**–**	**14.7**	12.2	–	12.2
Tanzania shilling	**8.5**	**–**	**8.5**	–	–	–
South African rand	**3.5**	**1.7**	**5.2**	8.6	3.5	12.1
Other	**–**	**0.1**	**0.1**	–	0.1	0.1
Total	**122.9**	**2,808.9**	**2,931.8**	26.1	2,820.5	2,846.6

16. Financial instruments *(continued)*

Liquidity risk – Group and Company

The following tables show the maturity profile of the Group's financial assets and liabilities other than cash and equity investments:

2015 Financial assets: Maturity profile	Short-term deposits £m	Loan investments £m	Forward foreign exchange contracts £m
Due within one year, but not on demand	303.4	31.4	28.9
Due within one to two years	–	23.3	0.5
Due within two to three years	–	23.3	0.6
Due within three to four years	–	23.6	–
Due within four to five years	–	21.5	–
Due after five years	–	49.7	–
Total	303.4	172.8	30.0

2014 Financial assets: Maturity profile	Short-term deposits £m	Loan investments £m	Forward foreign exchange contracts £m
Due within one year, but not on demand	333.8	5.8	33.7
Due within one to two years	–	9.9	17.8
Due within two to three years	–	12.7	0.5
Due within three to four years	–	10.5	0.9
Due within four to five years	–	35.7	–
Due after five years	–	40.5	–
Total	333.8	115.1	52.9

2015 Financial liabilities: Maturity profile	Forward foreign exchange contracts £m
Due within one year, but not on demand	32.1
Due within one to two years	–
Due within two to three years	0.1
Total	32.2

2014 Financial liabilities: Maturity profile	Forward foreign exchange contracts £m
Due within one year, but not on demand	17.0
Due within one to two years	0.8
Due within two to three years	–
Total	17.8

The Group and Company does not net off contractual amounts of financial assets and liabilities.

Fair value of financial assets and liabilities – Group and Company

Financial assets

Quoted and unquoted equity investments are included in the statement of financial position at fair value. There is no material difference between the fair value and the book value of the Group's cash, short-term deposits, loan investments, notes receivable or trade and other receivables. The Group's foreign exchange contracts in profit are held in the statement of financial position at fair value.

Financial liabilities

There is no material difference between the fair value and the book value of the Group's trade and other payables. The Group's foreign exchange contracts in loss are held in the statement of financial position at fair value.

17. Financial risk management

The Group's and Company's activities expose them to a variety of financial risks including market risk, credit risk, liquidity risk and cash flow interest rate risk. Market risk includes foreign currency risk, interest rate risk and price risk. The main financial risks managed by the Group and Company are foreign currency risk, interest rate risk, liquidity risk and credit risk. The Group and Company use forward foreign exchange contracts, to manage their financial risks associated with their underlying business activities and the financing of those activities. The Group and Company do not undertake any trading activity in financial instruments.

Liquidity risk

The Group's and Company's policy on liquidity risk is to ensure that they always have sufficient funding to meet all short to medium-term funding requirements. The Group's cash balance at 31 December 2015 was £374.3m (2014: £395.9m) and its capital commitments including long-term commitments were £1,132.6m (2014: £1,071.3m).

	Group		Company	
Analysis of total cash balance	**2015 £m**	2014 £m	**2015 £m**	2014 £m
Cash at bank and in hand	**70.9**	62.1	**70.6**	61.8
Short-term deposits receivable within 90 days	**276.0**	333.8	**276.0**	333.8
Short-term deposits receivable after 90 days	**27.4**	–	**27.4**	–
Total	**374.3**	395.9	**374.0**	395.6

The Group's and Company's contractual maturities of derivatives and non-derivative financial liabilities are disclosed in note 16 Financial instruments.

Investment commitments: maturity profile

Fund commitments are generally drawn down over a five-year term although in some cases this may be shorter. Typically, there are restrictions to ensure that there is a ceiling on the proportion of commitment that can be drawn down in one year. Direct investment commitments are typically drawn down over a shorter term.

In forecasting cash flows, CDC uses industry standard models for drawdown profiles. The Board considers this regularly when reviewing CDC's ability to meet these commitments.

The following table shows the vintage year of the outstanding commitments to the Group's investments as at 31 December:

	2015 £m	2014 £m
2007 and prior	**193.7**	217.1
2008	**61.0**	84.8
2009	**14.0**	25.1
2010	**75.1**	98.4
2011	**89.6**	102.7
2012	**92.4**	105.3
2013	**249.5**	299.5
2014	**136.8**	138.4
2015	**220.5**	–
Total	**1,132.6**	1,071.3

17. Financial risk management (*continued*)

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at 31 December was:

		Group		Company	
	Notes	**2015 £m**	2014 restated £m	**2015 £m**	2014 restated £m
Equity investments	3	**2,931.3**	2,846.2	**2,931.8**	2,846.6
Loan investments	4	**172.8**	115.1	**172.8**	115.1
Forward foreign exchange contracts	7	**(2.2)**	35.1	**(2.2)**	35.1
Trade and other receivables (excluding loans)	13	**12.0**	6.8	**12.0**	6.8
Notes receivable	21	**450.0**	–	**450.0**	–
Short-term deposits	5	**303.4**	333.8	**303.4**	333.8
Cash and cash equivalents	5	**70.9**	62.1	**70.6**	61.8
Total		**3,938.2**	3,399.1	**3,938.4**	3,399.2

The Group's and Company's ageing analysis of loan investments as at 31 December were as follows:

	Group and Company	
	2015 £m	2014 £m
Not past due	**172.8**	115.1
Past due	**–**	–
Total	**172.8**	115.1

The movement in the allowance for impairment of loan investments during the year was:

	Group and Company	
	2015 £m	2014 £m
Balance at 1 January	**0.7**	37.9
Impairment loss released	**(0.5)**	(37.9)
Impairment loss recognised	**0.2**	0.7
Balance at 31 December	**0.4**	0.7

The ageing of loan investments impaired during the year was:

	Group and Company	
	2015 £m	2014 £m
Not past due	**0.4**	0.7
Total	**0.4**	0.7

Credit risk

The Group's and Company's policy is to recognise an impairment loss when objective evidence exists that the estimated future cash flows of the asset have decreased and that this decrease can be reliably estimated. Several factors are considered when identifying indicators of impairment including breach of contract or financial difficulties being experienced by the obligor. Based on historical trends the Group believes that other than those financial assets already impaired, no impairment allowance is necessary in respect of financial assets not past due.

Credit risk on the Company's Sterling cash balance is mitigated as cash not required for day-to-day operations is deposited with the UK Government Debt Management Office. Credit risk on other currency balances and FFECs is mitigated as the Group and Company transact with institutions with high credit ratings. If possible, cash is deposited with financial institutions that have a long-term credit rating ascribed by Moody's of A2 or above.

There is no recourse to the Company for the debt balances within subsidiaries.

Market risk

Interest rate risk

The Group's and Company's interest rate risk arises primarily from fixed rate deposits (fair value risk) and floating rate deposits (cash flow risk).

As at 31 December 2015, the average interest rate earned on the Group's and Company's bank deposit was 0.4% (2014: 0.2%). A 1.0% (2014: 1.0%) change in all interest rates, with all other variables held constant, would have a 0.3%, £0.3m impact on the Group's profit before tax (2014: 0.1%, £0.3m). Although this is within the range the Company regards as acceptable, it is envisaged that the Company will use the majority of its cash balance in meeting its capital commitments.

Foreign currency risk

The Group's largest exposure is to the US dollar. As at 31 December 2015, £2,504.3m, 85.4% of the investments of the Group and Company, are denominated in US dollars (2014: £2,609.2m, 91.7%). In order to protect the Group's Sterling statement of financial position and reduce cash flow risk, the Group uses forward foreign exchange contracts to hedge foreign exposures arising on forecast receipts, cash balances and payments in foreign currencies.

A 15 cent, 10% movement in the average exchange rate for the US dollar against Sterling with all other variables held constant would impact profit by £206.8m (2014: 16 cent (10%) movement, impact: £222.5m).

Equity price risk

The Group and Company invest in a wide range of funds managed by a variety of fund managers, along with a range of direct equity investments.

As at the 31 December 2015, the Group and Company had an investment in an investment entity with a value of £1,066.6m which represented 36.4% of the Group's equity investments (2014: £1,170.4m, 41.2%).

A 10% change in the fair value of the Group's equity investment would impact the Group's profit by £293.1m (2014: 10% change, impact £284.6m).

Valuation risk

The Group values its portfolio according to CDC valuation methodology. CDC valuation guidelines have been developed in accordance with the International Private Equity and Venture Capital Valuation Guidelines (December 2012). Investments are valued at fair value, which is the price that would be received to sell an asset in an orderly transaction between market participants given current market conditions at the measurement date. The detailed valuation methodology sets out best practice with respect to valuing investments. Valuation risks are mitigated by comprehensive reviews of underlying investments in the private equity funds and direct investments carried out by the managers of the private equity funds quarterly. These valuations are reviewed by CDC management and then considered by the Audit and Compliance Committee. The details of the valuation methodology are given in note 23 to the accounts under the Investments heading.

Capital management

CDC considers its capital to be the total equity shown in the statement of changes of equity. The Company's objectives when managing capital are:

- to comply with the capital requirements set by DFID;
- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns and benefits for stakeholders; and
- to maintain a strong capital base to support the development of the Group's businesses.

The Board monitors the results of the Group and its financial position.

18. Capital commitments

Amounts contracted for but not provided for in the accounts amounted to £1,132.6m (2014: £1,071.3m) for investment commitments (note 17).

19. Operating leases

Group and Company as lessee

Future minimum rentals payable under non-cancellable operating leases are as follows:

	Group and Company	
	2015 £m	2014 £m
Within one year	**2.2**	1.7
After one year but not more than five years	**8.7**	6.6
More than five years	**12.2**	12.7
Total	**23.1**	21.0

20. Contingent Liabilities

The Group and the Company had the following contingent liabilities as at the 31 December 2015:

- in respect of risk participation agreements with a value of £67.3m (2014: £49.0m); and
- in respect of undertakings to power distributors and governments in connection with the operation of power generating subsidiaries with a maximum legal liability of £7.8m (2014: £9.9m).

These may, but probably will not, require an outflow of resources.

21. Related party transactions

Parent company

During 2015, the Company entered into a subscription agreement with its parent company, in respect of the issue of ordinary shares in the Company. The parent company subscribed to the shares by issuing a promissory note for the value of the shares.

As at 31 December 2015, the Company has a £450.0m promissory note receivable (2014: £nil) due from its parent company. The receivable is payable on demand and without interest.

Subsidiaries

During the year, the Company entered into transactions with its consolidated and non-consolidated subsidiary companies.

The transactions entered into and trading balances outstanding at 31 December were as follows:

	2015 £m	2014 £m
Statement of comprehensive income		
Interest income	**3.1**	0.7
Dividend income	**0.6**	–
Management fee income	**9.3**	7.3
Management fee expense	**(0.5)**	(0.4)
Interest payable	**(0.1)**	(0.1)
Statement of financial position		
Equity investments	**1,201.4**	1,306.1
Trade and other receivables	**3.9**	4.4
Trade and other payables	**(18.3)**	(18.4)

22. Related undertakings

The principal subsidiaries of CDC Group plc at the end of the year and the percentage of equity capital are set out below.

Subsidiaries consolidated

Country of incorporation	Company	Class of share	Percentage held by CDC	Principal activities
India	CDC India Advisers Private Ltd	Ordinary	100	Investment advisory

Subsidiaries not consolidated

Country of incorporation	Company	Class of share	Percentage held by CDC	Principal activities	Currency	Profit/(loss) for the year* LCY'000	Aggregate capital and reserves* LCY'000
Mauritius	Afriforest Investment Limited ^	Ordinary	77	In liquidation	USD	–	–
Guernsey	Africa Power Group Limited	Ordinary	100	Investment holding	USD	–	107.7
Mauritius	CDC Africa Power Limited	Ordinary	100	Investment holding	USD	–	60.0
Barbados	CDC Airport Investment (Barbados) Limited	Ordinary	100	Investment holding	GBP	–	–
England and Wales	CDC Asset Management Limited ^	Ordinary	100	Dormant company	GBP	–	–
England and Wales	CDC Capital Partners Limited ^	Ordinary	100	Dormant company	GBP	–	–
England and Wales	CDC Capital for Development Limited ^	Ordinary	100	Dormant company	GBP	–	–
England and Wales	CDC Emerging Markets Limited ^	Ordinary	100	Investment holding	USD	(3.6)	24.7
England and Wales	CDC Equity Partners Limited ^	Ordinary	100	Dormant company	GBP	–	–
Mauritius	CDC Financial Services (Mauritius) Limited ^	Ordinary	100	Investment holding	GBP	–	(13.1)
England and Wales	CDC Funds Management Limited ^	Ordinary	100	Dormant company	GBP	–	–
Barbados	CDC Holdings (Barbados) Limited ^	Ordinary	100	Investment holding	GBP	–	(0.9)
Guernsey	CDC Holdings Guernsey Limited ^ ×	Ordinary	100	Investment holding	USD	(242.0)	328.3
England and Wales	CDC India Opportunities Limited ^	Ordinary	100	Investment holding	USD	(1.5)	7.3
Mauritius	CDC Investment Holdings Limited ^	Ordinary	100	Investment holding	GBP	–	3.7
England and Wales	CDC Limited ^	Ordinary	100	Dormant company	GBP	–	–
England and Wales	CDC Overseas Holdings Limited ^	Ordinary	100	Dormant company	GBP	–	–
Mauritius	CDC PTL Holdings Limited	Ordinary	62	Investment holding	USD	–	(0.3)
Scotland	CDC Scots GP Limited ^	Ordinary	100	Investment holding	USD	–	–
Scotland	CDC Scots LP ^	Partnership Interest	100	Investment holding	USD	2.2	12.8
Mauritius	CDC South Asia Limited ^	Ordinary	100	Investment holding	USD	(10.2)	4.8
England and Wales	CDC Venture Capital Limited ^	Ordinary	100	Dormant company	GBP	–	–
India	Nandi Investments Limited ^	Ordinary	100	In liquidation	USD	–	–
Mauritius	North African Foods Limited	Ordinary	100	Investment holding	USD	–	0.1
Mauritius	Pan African Holdings Limited ^	Ordinary	100	Investment holding	GBP	–	3.2
Guernsey	Globeleq Limited	Ordinary	70	Investment holding	USD	–	0.5
Egypt	Middle East Foods and Trade Company SAE	Ordinary	65	In liquidation	USD	–	–

* - Profit/(loss) for the year and aggregate capital and reserves for the subsidiary as at the end of its relevant financial year.
^ - directly held by the Company.
× - CDC Holdings Guernsey Limited is the borrower of record for the committed standby US$1,200m Revolving Credit Facility (RCF). The assets of CDC Holdings Guernsey will be used as security should there be any drawings under the RCF. With CDC Group plc being exempt from UK Corporation Tax there is no tax advantage to be gained from this company being incorporated in Guernsey.

These subsidiaries are not consolidated due to the application of IFRS 10 and are carried at fair value through profit and loss. There are no restrictions on the ability of the unconsolidated subsidiaries to transfer cash to CDC. There are no contractual arrangements that require CDC to provide financial support to the unconsolidated subsidiaries. CDC has not provided any non-contractual assistance to any of the unconsolidated subsidiaries during the reporting year.

22. Related undertakings (*continued*)
Under section 409 of the Companies Act 2006, CDC Group plc is required to disclose specified details of all its related undertakings including significant holdings. The significant holdings in undertakings of CDC Group plc are equity investments including funds, carried at fair value through profit and loss, in which CDC's holding amounts to 20% or more of the nominal value of any class of shares in the undertaking.

The significant holdings in undertakings of CDC Group plc at the end of the year are set out below.

Country of incorporation	Company	Class of share	Percentage held by CDC	Currency	Profit/ (loss) for the year LCY'000	Aggregate capital and reserves LCY'000
Scotland	A4C S Feeder LP	Partnership Interest	100.0	USD	1.6	18.5
England and Wales	Actis Africa Empowerment Fund LP	Partnership Interest	100.0	USD	–	–
England and Wales	Actis Africa Real Estate Fund LP	Partnership Interest	100.0	USD	(12.6)	12.4
Scotland	Actis Energy 3C Sub-Feeder LP	Partnership Interest	100.0	USD	1.0	21.3
USA	Advent Latin America Private Equity Fund IV LP	Partnership Interest	100.0	USD	(2.9)	9.0
Cayman Islands	TRG Africa Fund LP	Partnership Interest	100.0	USD	(0.7)	26.1
Mauritius	Pragati India Fund Limited	Ordinary shares	99.0	USD	(7.1)	17.6
Cayman Islands	Qiming Venture Partners II LP	Partnership Interest	98.9	USD	14.5	144.0
England and Wales	Actis Africa Fund 2 LP	Partnership Interest	93.0	USD	(7.4)	5.6
England and Wales	Happy Travel Rolling Investors LP	Partnership Interest	92.1	USD	4.0	12.3
England and Wales	Actis South Asia Fund 2 LP	Partnership Interest	90.7	USD	(10.2)	5.2
England and Wales	Actis Infrastructure 2 LP	Partnership Interest	83.8	USD	(12.7)	394.3
England and Wales	Actis Latin America 3 LP	Partnership Interest	75.5	USD	(37.8)	87.5
England and Wales	Actis ASEAN Fund LP	Partnership Interest	69.2	USD	–	3.9
Cayman Islands	MicroVest GMG Local Credit Fund Limited	Ordinary shares	58.7	USD	0.6	56.6
Mauritius	Aureos China Fund LLC	Ordinary shares	54.8	USD	(1.0)	14.6
Cayman Islands	Altra Private Equity Fund I LP	Partnership Interest	53.9	USD	1.6	22.3
Singapore	Insitor Impact Asia Fund Private Limited	Partnership Interest	52.2	USD	–	–
England and Wales	Actis China 3 LP	Partnership Interest	51.0	USD	11.8	145.4
Mauritius	Aavishkaar Goodwell India Microfinance Development Company II Limited	Ordinary shares	49.7	USD	^	^
South Africa	Takura II	Partnership Interest	49.5	USD	^	^
Cayman Islands	Kendall Court Mezzanine (Asia) Bristol Merit Fund LP	Partnership Interest	49.2	USD	^	^
Mauritius	Pan African Housing Fund LLC	Ordinary shares	47.7	USD	^	^
Mauritius	Kotak India Private Equity Fund Limited	Ordinary shares	47.3	USD	^	^
England and Wales	Actis Africa Real Estate Fund 2 LP	Partnership Interest	46.6	USD	^	^
Mauritius	APF-II India Holdings Private Limited	Ordinary shares	45.8	USD	^	^
Mauritius	APF-I (Mauritius) Limited	Ordinary shares	43.7	USD	^	^
Mauritius	Aureos South Asia Fund (Holdings) LLC	Ordinary shares	41.2	USD	^	^
England and Wales	Actis China Fund 2 LP	Partnership Interest	40.0	USD	^	^
Mauritius	Aureos Malaysia Fund LLC	Ordinary shares	40.0	USD	^	^
Denmark	DI Frontier Market Energy & Carbon Fund	Partnership Interest	36.4	EUR	^	^
Cayman Islands	Abraaj Pakistan Fund I LP	Partnership Interest	36.0	USD	^	^
Mauritius	Actis Sunrise Development Limited	Ordinary shares	36.0	USD	^	^
Canada	GEF Africa Sustainable Forestry Fund LP	Partnership Interest	35.6	USD	^	^
Mauritius	Adlevo Capital Africa LLC	Ordinary shares	35.4	USD	^	^
England and Wales	Actis Africa 3 LP	Partnership Interest	35.3	USD	^	^
Cayman Islands	Saratoga Asia II LP	Partnership Interest	35.2	USD	^	^
Mauritius	Pembani Remgro Infrastructure Mauritius Fund I LP	Partnership Interest	33.1	USD	^	^
Mauritius	Garden City	Ordinary shares	31.0	USD	^	^
Mauritius	JS Private Equity Fund I LLC	Partnership Interest	30.8	USD	^	^
Cayman Islands	Frontier Bangladesh II LP	Partnership Interest	30.8	USD	^	^
England and Wales	Actis India Fund 2 LP	Partnership Interest	30.7	USD	^	^

Country of incorporation	Company	Class of share	Percentage held by CDC	Currency	Profit/ (loss) for the year LCY'000	Aggregate capital and reserves LCY'000
Mauritius	Injaro Agricultural Capital Holdings Limited	Ordinary shares	30.5	USD	^	^
France	Energy Access Ventures Fund	Units	30.0	EUR	^	^
Cayman Islands	Kendall Court Mezzanine (Asia) Fund 1 LP	Partnership Interest	29.7	USD	^	^
Mauritius	The Sierra Investment Fund	Ordinary shares	28.9	USD	^	^
Mauritius	Aureos South East Asia Fund LLC	Ordinary shares	28.6	USD	^	^
Mauritius	Aureos Central Asia Fund LLC	Ordinary shares	28.5	USD	^	^
Canada	Aureos Latin America Fund I LP	Ordinary shares	28.3	USD	^	^
Canada	Feronia Inc	Ordinary shares and convertible debentures	27.4	USD	^	^
Mauritius	Atlantic Coast Regional Fund LLC	Ordinary shares	27.3	USD	^	^
Mauritius	BTS India Private Equity Fund	Ordinary shares	27.2	USD	^	^
Cayman Islands	International Finance Participation Trust (Cayman 2004)	Units	27.0	USD	^	^
Mauritius	India Agribusiness Fund II Limited	Ordinary shares	26.7	USD	^	^
Mauritius	Aavishkaar India II Company Limited	Ordinary shares	26.6	USD	^	^
Jersey	Ethos Private Equity Fund V	Partnership Interest	26.5	USD	^	^
Cayman Islands	Capital Alliance Property Investment Company LP	Partnership Interest	26.2	USD	^	^
Scotland	Actis Umbrella Fund LP	Partnership Interest	26.1	USD	^	^
Mauritius	Aureos West Africa Fund LLC	Ordinary shares	26.0	USD	^	^
Mauritius	Aureos Southern Africa Fund LLC	Ordinary shares	25.1	USD	^	^
Mauritius	Progression Eastern African Microfinance Equity Fund	Ordinary shares	24.9	USD	^	^
Singapore	India Infrastructure Fund (Singapore) Private Limited	Ordinary shares	24.8	USD	^	^
India	Utkarsh Micro Finance Private Limited	Ordinary shares and compulsory convertible debentures	24.7	INR	^	^
Mauritius	VenturEast Life Fund III	Preference shares	24.5	INR	^	^
Mauritius	Seedfund2 International	Ordinary shares	24.2	USD	^	^
Mauritius	Emerge Central America Growth Fund LLC	Ordinary shares	23.8	USD	^	^
Vanuatu	Kula Fund II Limited	Ordinary shares	23.8	USD	^	^
India	Rainbow Children's Medicare Private Limited	Ordinary shares and compulsory convertible preference shares	22.8	INR	^	^
Mauritius	Sarva Capital LLC	Ordinary shares	22.7	USD	^	^
Luxembourg	Central Africa Growth Sicar SA	Ordinary shares	22.5	EUR	^	^
Mauritius	India Financial Inclusion Fund	Ordinary shares	22.5	USD	^	^
Mauritius	Ventureast Proactive Fund LLC	Ordinary shares	22.2	USD	^	^
Guernsey	Investec Africa Credit Opportunities Fund	Participating shares	20.2	USD	^	^
England and Wales	Actis India 3 LP	Partnership Interest	20.0	USD	^	^
Netherlands	Africa Improved Foods (Holding) BV	Ordinary shares	20.0	USD	^	^
Mauritius	Aureos East Africa Fund LLC	Ordinary shares	20.0	USD	^	^

* - Profit/(loss) for the year and aggregate capital and reserves for the significant holding as at the end of its relevant financial year.
^ - Information not required as CDC Group plc's holding is less than 50% and undertaking's financial information is not published.

23. Summary of significant accounting policies
The accounting policy for plant and equipment is no longer specified as it is no longer material to the Group or Company.

Non-current assets
Investments
The Group and Company classify their equity investments, including investments in investment entities and financial guarantees, as financial assets at fair value through profit and loss and their loan investments as loans and receivables. Management determines the classification of its investments at initial recognition. Apart from loans and receivables, financial instruments are designated as fair value through profit and loss because the fair value of the investment portfolio is a key performance indicator for the Group.

Financial assets at fair value through profit and loss
These financial assets are designated as assets held at fair value through profit and loss by management at the date of inception. FFECs are also classified as held for trading in this category unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the statement of financial position date.

The Group's fair value methodology has been derived using the International Private Equity and Venture Capital Valuation Guidelines (December 2012). This methodology is applied to direct investments and investments held within funds. The approach to calculating the fair value is as follows:
- the enterprise value is determined for the investee company or fund using a methodology that is appropriate in light of the nature, facts and circumstances of the investment and its materiality in the context of the total investment portfolio using reasonable assumptions and estimates;
- the enterprise value is adjusted for surplus assets or liabilities or any other relevant factor;
- higher ranking financial instruments are deducted taking into account any financial structuring that may dilute the investment holding;
- the net attributable enterprise value is apportioned between the financial instruments held according to their ranking; and
- the amounts derived are allocated according to the holding in each financial instrument, representing their fair value.

Valuation methodologies used are as follows:
- investments where fair value derives mainly from the underlying assets, such as funds managed by fund managers, are valued at net asset value using appropriate valuation measures for the underlying assets and liabilities;
- quoted equity is normally valued at the quoted share price. However, in certain circumstances the quoted price may be considered to not represent fair value for example: shares are closely held by related parties; the shares are very thinly traded and small trades lead to excessive volatility in quoted price; or substantial transactions occur at a price that is not the quoted price. Where this is considered the situation an appropriate alternative methodology is used;
- realisations in process are valued at the expected realisation proceeds, although discounts are applied to reflect the level of certainty of the transaction completion;
- if there has been a recent investment in the company, the price of the recent investment, less any impairment charge, is used to determine fair value;
- early stage companies without positive cash flow or profit are valued using an appropriate industry benchmark if that gives a reliable estimate of fair value;
- companies with maintainable profits or cash flows are valued on an earnings basis using an appropriate earnings multiple from companies in similar sectors and markets;
- companies in industries with specific valuation metrics are valued using those specific valuation metrics where they provide the most reliable estimate of fair value;
- companies with no maintainable profits or cash flows at present, but whose cash flows can be forecast with confidence, are valued using future cash flows discounted at the appropriate risk-adjusted discount rate; and
- in exceptional cases, where fair value cannot be reliably measured, the investment is valued at the previous carrying value unless there is evidence of value impairment, in which case value is reduced to reflect the extent of estimated impairment.

Gains and losses realised on disposal or redemption, by reference to the valuation at the previous statement of financial position date and unrealised gains and losses from changes in the fair values of the equity portfolio are taken to the statement of comprehensive income.

The Group uses settlement date accounting when accounting for regular purchases or sales. When the Group becomes party to a sales contract of an equity investment, it de-recognises the asset on the day ownership is transferred. Any gains or losses arising on purchases between trade and settlement date are accounted for in the statement of comprehensive income.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise either when the Group provides money to a counterparty in the form of loans with no intention of trading it, or, in the case of trade receivables and note receivables, in the normal course of business.

Loans are recognised at amortised cost; initially, this is measured as the fair value of the cash given to originate the loan. They are subsequently measured at amortised cost using the effective interest method. Maturities greater than 12 months are included in non-current assets with the remainder in current assets. Gains or losses are recognised in the statement of comprehensive income when the loan is de-recognised or impaired, as well as through the amortisation process. Where there is objective evidence that a loan's carrying value exceeds the present value of the discounted future cash flows expected to be generated from the asset, the loan is deemed to be impaired and the carrying value reduced accordingly, with the loss recognised in the statement of comprehensive income.

Forward foreign exchange contracts ('FFECs')

The Group and Company use FFECs as part of their asset management activities to manage exposures to foreign currency risk. The Company does not use FFECs for speculative purposes.

Gains and losses on FFECs transacted as economic hedges but not qualifying for hedge accounting are taken to the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments, such as short-term deposits, with maturities of three months or less on initial recognition.

Impairment of assets

The carrying amounts of assets, other than deferred tax assets, financial instruments and retirement benefit assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment.

If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

The recoverable amount of the Group's assets is the greater of their fair value less costs to sell and value in use, calculated as the present value of expected future cash flows. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of all assets is reversed if a subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised or if there has been a change in the estimates used to calculate the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial liabilities

Financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, contractual obligations, excluding FFECs, to deliver cash or another financial asset to another entity are measured at amortised cost using the effective interest method.

Provisions, contingent liabilities and contingent assets

Provisions are recognised if there is a present obligation, whether legal or constructive, which has arisen as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured with reasonable reliability.

Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

Income

Income is recognised to the extent that it is probable that the economic benefits will flow to the Group and can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

Dividends

Dividend income is recognised when the right to receive payment is established. Where the right to receive a dividend is in doubt, dividends are recorded on the date of receipt.

Interest

The interest on a loan investment and guarantees is recognised on a time apportioned basis so as to reflect the effective yield on the loan. Where there is objective evidence of loss of value or inability to collect loan interest, for example where loan interest remains unpaid after 90 days, a provision is recognised.

Fees and commission income that are an integral part of the effective interest rate of a financial instrument, such as a loan instrument, are recognised as an adjustment to the effective interest rate.

Management fee income

A fixed percentage management fee is earned for providing asset management services to subsidiaries. These fees are recognised as revenue each period in accordance with the terms of the agreements.

Employee benefits

The Company operates a funded defined benefit pension scheme in the UK, called the CDC Pensions Scheme, for staff who entered service prior to 1 April 2000. There is a defined contribution section for subsequent entrants.

The CDC Pensions Scheme is funded by the payment of contributions to a separately administered trust fund. The cost of providing benefits under the Company's funded defined benefit plan is determined using the projected unit credit actuarial valuation method, with actuarial valuations being carried out triennially.

The costs of providing defined contribution pensions are charged to the statement of comprehensive income as they become payable.

The cost of the performance related compensation programme is accrued across the lifetime of the scheme.

Income tax

The CDC Act 1999 provided the Company with exemption from UK corporation tax with effect from 1 May 2003. This does not affect overseas taxation of the Company or of its subsidiaries.

Current tax is recognised as income or expense and is included in the net profit for the year, unless it relates to a transaction or event which is recognised directly in equity, whereupon the current tax is charged or credited to equity accordingly.

Current and deferred tax assets and liabilities are offset only when they arise from the same tax reporting group and relate to the same tax authority and when the legal right to offset exists.

Current and deferred taxes are recognised as a tax credit or expense in the year in which they arise except for deferred taxes recognised or disposed of upon the acquisition or disposal of a subsidiary.

23. Summary of significant accounting policies *(continued)*
Some dividend and interest income received is subject to withholding tax imposed in certain countries of origin. Income that is subject to such tax is recognised gross of the taxes and the corresponding withholding tax is recognised as a tax expense.

Deferred tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group financial statements. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantially enacted at the statement of financial position date.

Deferred tax assets are recognised only to the extent that the Directors consider that it is probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Operating leases
Where the Group does not retain the risks and rewards of ownership on a leased asset, the lease is classified as an operating lease. Payments on operating leases are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

Assets leased out under operating leases are included in property, plant and equipment and depreciated over their estimated useful lives. Rental income, including the effect of lease incentives, is recognised on a straight-line basis over the lease term.

Operating segments
IFRS 8 Operating Segments requires an entity to present segment information on the same basis as the financial information which is reviewed regularly by management to assess performance. The information set out in note 2 presents the summarised financial information in order to explain more fully CDC's investment activities, together with the financial results that are presented under IFRS in which CDC consolidates all non-investment subsidiaries.

IFRSs issued but not yet effective
The accounting policies set out in these financial statements have been applied consistently to all periods presented.

The following standards are issued but not yet effective, and have been early adopted in these financial statements:
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception; and
- Amendments to IAS 1: Disclosure Initiative.

The following standards are issued but not yet effective, and have not been applied to these financial statements. The Group intends to adopt these standards when they become effective. These are not expected to have a material impact on the Group's financial statements:
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation;
- Annual Improvements to IFRSs 2012-2014 Cycle;
- IFRS 16: Leases; and
- IFRS 9: Financial Instruments.

The standards listed below are issued but not yet effective and are not expected to have an impact on the Group:
- IFRS 14: Regulatory Deferral Accounts;
- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of interest;
- Amendments to IAS 27: Equity Method in Separate Financial Statements;
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- Amendments to IAS 16 and IAS 41: Agriculture – Bearer Plants; and
- IFRS 15: Revenue from Contracts with Customers.

Notes

Notes

Designed and produced by Luminous
www.luminous.co.uk

CDC Group plc
First Floor
123 Victoria Street
London SW1E 6DE

T +44 (0)20 7963 4700
F +44 (0)20 7963 4750
enquiries@cdcgroup.com
www.cdcgroup.com

Registered in England No 3877777
VAT registration number 190 7041 19