Mitsubishi UFJ Baillie Gifford Asset Management Limited

Annual Report and Financial Statements

Registered number SC122044

31 December 2018

Contents

Notice of Meeting

Notice is hereby given that the twenty eighth annual general meeting of Mitsubishi UFJ Baillie Gifford Asset Management Limited will be held at the Registered Office of the Company, Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN on 15th May at 10:00am for the following purposes:

1. To adopt the Strategic Report, the report of the Directors and accounts for the year ended 31 December 2018.

2. To re-appoint KPMG LLP as auditor.

3. To authorise the Directors to fix the remuneration of the auditor.

4. To transact any other ordinary business of the Company.

By Order of the Board,

Evan Delaney

E Delaney
on behalf of
Baillie Gifford & Co
Secretaries
17 April 2019

Strategic Report

The Directors present their Strategic Report for the year ended 31 December 2018.

About the Baillie Gifford & Co Group

Mitsubishi UFJ Baillie Gifford Asset Management Limited (the Company) is a joint venture between Baillie Gifford Overseas Ltd (BGO) and Mitsubishi UFJ Trust and Banking Corporation in Japan. BGO is a wholly owned subsidiary of Baillie Gifford & Co (BG&Co), a partnership which has five other wholly owned subsidiaries. The partnership also has five indirectly wholly owned subsidiaries.

References to the BG Group refer to the group of companies headed up by Baillie Gifford & Co.

Principal activities

The Company provides investment advice and supporting administrative services to Mitsubishi UFJ Trust & Banking Corporation. The Company's advisory services include investment advice for a number of international equity portfolios, which may be applicable to clients of Mitsubishi UFJ Trust & Banking Corporation.

Review of the business

Following several years of strong markets, 2018 was a weaker year for Japanese investors in the Company's advisory portfolios. Global stock markets fell by 10%. Fortunately, all of the advisory portfolios continued to outperform markets which was driven by good stock picking. The longer term returns remain strong.

Against that background, Japanese corporate pension fund investors continued to take assets away from the Company's portfolios. The rebalancing trend seen over recent years continued. Cash flows were negative over the year and funds under advice lower at the end of the year.

Looking at the portfolio returns, 2018 saw market indices down sharply at the end of the year as broad macro-economic and political concerns came to the fore. Following several years of steady growth the uptick in volatility was not unexpected. The market was not particularly discriminating in some of the holdings share price moves. The underlying operating performance of the vast majority of holdings remained excellent. We continued to be enthusiastic holders with the result that turnover of the stocks in the portfolios was very low.

Our ongoing preference for companies capable of delivering sustainable growth, particularly companies in the information technology sector or using technology to enter new business areas, remains a key feature of the Company's portfolios. In aggregate, the holdings in the Company's portfolios continue to reinvest heavily in their businesses, much more so than the market in general. This gives us confidence that we are investing in the right companies with those capable of growing their businesses strongly in future.

As we have said for the past several years, it is a company's competitive position, its balance sheet, its management, their strategy and their willingness to invest for the future that have the greatest impact on how the company's share price performs over the long term. In this regard we believe the portfolios remain well placed and do not expect to make significant changes to the portfolios.

Strategic Report *(continued)*

Review of the business *(continued)*

The Company's strategies are well represented in the Japanese pension market and we remain optimistic about the opportunities for future growth of the business. There has been a steady stream of new enquiries, some of which are significant in size and likely to come to fruition in 2019. As in previous years, we remain focused on picking great businesses in which to invest. We are committed to explaining to the underlying Japanese investors why we are still confident in the portfolios ability to deliver strong future revenues, earnings growth and attractive long-term returns. Longer term, we remain convinced that there will remain a healthy appetite for higher alpha focused strategies.

Results

The Company's principal financial performance indicators remain turnover and total funds under advice. The Company's advisory assets increased gradually throughout the year with significant outflows during the final quarter. The value of the Company's advisory assets decreased year on year from £4.43 billion to £4.28 billion. All of the advisory portfolios outperformed markets throughout the year which resulted in 10% increase in income from £12.67 million to £13.9 million.

Interest receivable increased to £5,125 (2017: £263) due to increase in interest rates. The profit for the year, after taxation, was £22,981 (2017: £17,465).

Key risks

Risk management is undertaken at Baillie Gifford & Co Group level, with the exception of liquidity risk management.

Strategic risks

Strategic risks are principally the risk of the business declining due to internal factors (for example sustained poor long term investment advisory performance) or external factors (for example a sustained fall in markets or changes in the business models of the two shareholder joint venture partners). These risks are managed by regularly reviewing and nurturing the relationships between the shareholders, reviewing the business requirements involved and by regularly reviewing investment performance and encouraging a culture of open debate on investment strategy.

Operational risks

The principal operational risks are those surrounding the provision of advice or administration. We aim to set up controls to ensure that residual risk is minimised and consistent with providing high levels of service. The practical measures to manage much of this risk and provide investment advisory services are sub-contracted to Baillie Gifford. Key risks and controls within each business area at Baillie Gifford are documented and reviewed by line management. This documentation is reviewed as and when changes occur to the processes risks, controls and external environment to capture any changes or new operational risks arising. The process is overseen by the Baillie Gifford Operational Risk Committee. Baillie Gifford also annually produces a Report on Internal Controls, which is independently validated. In addition, professional indemnity insurance is held by Baillie Gifford, which mitigates the residual risk of loss from errors.

Strategic Report *(continued)*

Key risks *(continued)*

Regulatory compliance risks

One of the specific risks within the above categories is the risk that the Company fails to adhere to relevant compliance and regulatory obligations within the jurisdictions in which it operates, resulting in regulatory damage. We seek to manage this risk by maintaining a regulatory risk assessment and monitoring process which is designed to:

- identify relevant regulatory compliance risks affecting the Company;
- assess the impact and likelihood of these based upon the established controls in place within the firm; and
- monitor the operation of these controls by adopting a risk-based approach

This process is reviewed on an on-going basis by Baillie Gifford & Co's Compliance Committee, and by the Board of the Company, which receives periodic compliance reports. Baillie Gifford & Co discloses information about its capital adequacy, remuneration and risk management objectives and policies on its website at www.bailliegifford.com.

Political risks

The negotiations surrounding the terms of the UK's exit from membership of the European Union (Brexit) are ongoing. The Company continues to monitor developments closely to cover any potential adverse consequences that might arise for the Company's business. While there remains considerable uncertainty, the Board believes that the Company's portfolio of Japanese equities positions the Company to be suitably insulated from Brexit related risks.

Liquidity risks

The liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations to creditors. The Directors consider the management of liquidity risk on an annual basis and have concluded that the Company's liquidity risk exposure is low.

The Company has no bank debt or overdraft facilities and only holds cash in current and deposit accounts at large regulated banks. A bank account is also maintained at the Company's immediate parent, Mitsubishi UFJ Trust and Banking Corporation (MUTB), backed by a joint commitment within the Shareholders' Agreement to ensure the Company has sufficient working and regulatory capital to meet its requirements.

By Order of the Board

Naoki Okusawa

N Okusawa
Director
Edinburgh
17 April 2019

Directors' Report

The Directors have pleasure in submitting their report and accounts for the year ended 31 December 2018.

Directors

The Directors during the year were as follows:

D S Henderson
K Komiya
J Narikawa
A J Telfer
Y Kawakami (resigned 1 April 2019)
N Okusawa

A J Telfer and D S Henderson were Partners of Baillie Gifford & Co throughout the year. Baillie Gifford & Co owns 100% of Baillie Gifford Overseas Limited (BGO), which in turn held 245,000 (2017: 245,000) "B" ordinary shares in the Company at the year end. D S Henderson was a Director of BGO throughout the year.

Mitsubishi UFJ Financial Group, Inc. is the controller of Mitsubishi UFJ Trust and Banking Corporation (MUTB) and therefore is the ultimate holding company of Mitsubishi UFJ Baillie Gifford Asset Management Limited. Both Mitsubishi UFJ Financial Group, Inc. and MUTB are incorporated in Japan.

MUTB held 255,000 (2017: 255,000) "A" ordinary shares in the Company at the year end.

Dividends

The Directors recommend that no final dividend be paid (2017: Nil).

Going concern assessment

After making enquiries and assessing the financial forecasts for a 12 month rolling period for going concern, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and meet its liabilities as they fall due. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Future Developments

Details of future developments are provided in the Strategic Report on pages 4 to 6.

Employees

It is the Company's policy to ensure equal opportunities for all employees of the Company. The only criterion considered for the recruitment or promotion of staff is suitability for the position regardless of sex, marital status, religion, ethnic origin or disability (having due regard to the individual's aptitudes and abilities). It is the Company's policy, wherever possible, to continue the employment of staff who have become disabled (with appropriate re-training when required). No discrimination is made against disabled employees with regard to training, career development or promotion.

Directors' Report *(continued)*

Employee involvement, training and competence

Baillie Gifford & Co is recognised as being committed to training and developing all members of staff. In order to gain and retain this recognition, the firm has to ensure that all employees are aware of the organisation's objectives. There are strong communication links within the BG Group and regular updates on the BG Group's performance, industry developments and the take-on or loss of clients are distributed to staff through the firm's intranet.

Baillie Gifford & Co recognises that the performance of its staff is the major determining factor in its ability to differentiate itself in the market place and to sustain a long term competitive advantage. Great emphasis is placed on training and development, and the partnership and remuneration structure has been the foundation of an excellent record in retaining senior personnel.

Individual training and development needs are identified formally on recruitment and as part of the six-monthly competence based appraisal process, and monitored regularly. Baillie Gifford & Co is committed to ensuring that the competence and seniority of all staff is appropriate to the work that they do and to the nature of their responsibilities, that competence is regularly reviewed, and that staff are appropriately supervised.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

A resolution for the re-appointment of KPMG LLP will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

E Delaney
On behalf of
Baillie Gifford & Co
Secretaries
Edinburgh
17 April 2019

Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Mitsubishi UFJ Baillie Gifford Asset Management Limited

Opinion

We have audited the financial statements of Mitsubishi UFJ Baillie Gifford Asset Management Limited ("the company") for the year ended 31 December 2018 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance sheet, the Statement of Changes in Equity, the Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

Independent Auditor's Report to the Members of Mitsubishi UFJ Baillie Gifford Asset Management Limited *(continued)*

Going concern *(continued)*

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 9, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of Mitsubishi UFJ Baillie Gifford Asset Management Limited *(continued)*

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Philip Merchant (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
20 Castle Terrace
Edinburgh
EH1 2EG
17 April 2019

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2018

	Note	**2018**	2017
		£	£
Turnover	*2*	**13,901,370**	12,665,081
Administrative expenses		**(13,878,113)**	(12,643,637)
Operating profit		**23,257**	21,444
Interest receivable and similar income		**5,125**	263
Profit on ordinary activities before taxation		**28,382**	21,707
Tax on profit on ordinary activities	*6*	**(5,401)**	(4,242)
Profit for the financial year		**22,981**	17,465
Total comprehensive income for the year		**22,981**	17,465

There are no recognised gains and losses other than the profit for the year and all operations are continuing.

The accompanying notes are an integral part of the financial statements.

Balance Sheet
at 31 December 2018

	Note	**2018**		2017	
		£	**£**	**£**	**£**
Fixed assets					
Tangible assets	*7*		**1,382**		2,764
Current assets					
Debtors	*8*	**341,458**		739,630	
Cash at bank and in hand	*10*	**2,078,273**		805,792	
		2,419,731		1,545,422	
Creditors: amounts falling due within one year	*11*	**(1,444,743)**		(594,797)	
Net current assets		**974,988**		950,625	
Total assets less current liabilities			**976,370**		953,389
Capital and reserves					
Called up share capital	*12*		**500,000**		500,000
Profit and loss account			**476,370**		453,389
Total shareholders' funds			**976,370**		953,389

The accompanying notes form an integral part of the financial statements.

These financial statements were approved by the Board of Directors on 17 April 2019 and were signed on its behalf by:

Andrew Telfer

A J Telfer
Director

Company registered number: SC122044
17 April 2019

Statement of Changes in Equity

	Called up share capital	Profit and loss account	Total
	£	£	£
Balance at 1 January 2017	500,000	435,924	935,924
Profit and total comprehensive income for the year	-	17,465	17,465
Balance at 31 December 2017	**500,000**	**453,389**	**953,389**
Profit and total comprehensive income for the year	-	22,981	22,981
Balance at 31 December 2018	**500,000**	**476,370**	**976,370**

Cash Flow Statement
for year ended 31 December 2018

	Note	2018	2017
		£	£
Cash flows from operating activities			
Profit for the year		**22,981**	17,465
Adjustments for:			
Depreciation of tangible assets		**1,382**	1,382
Interest receivable and similar income		**(5,125)**	(263)
Taxation		**5,401**	4,242
Decrease/(Increase) in trade and other debtors		**398,248**	(389,074)
Increase/(Decrease) in trade and other creditors		**848,693**	383,653
Tax paid		**(4,224)**	(5,020)
Net cash from operating activities		**1,267,356**	12,385
Cash flows from investing activities			
Interest received		**5,125**	263
Net cash from investing activities		**5,125**	263
Net increase in cash and cash equivalents		**1,272,481**	12,648
Cash and cash equivalents at the beginning of the year		**805,792**	793,144
Cash and cash equivalents at the end of the year	*10*	**2,078,273**	805,792

Notes
(forming part of the financial statements)

1. Accounting policies

1.1 Company information

Mitsubishi UFJ Baillie Gifford Asset Management Limited is a company limited by shares and incorporated and registered in the United Kingdom.

The Company's registered office and trading address is Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN.

1.2 Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The presentation currency of these financial statements is sterling.

1.3 Going concern

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

1.4 Tangible assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, over their expected useful lives, using the straight-line method. The rates applicable are:

- Plant and equipment 4 years

1.5 Basic financial instruments

Debtors and Creditors

Short term debtors are measured at transaction price, less any attributable transactions costs.

Short term trade creditors are initially measured at the transaction price, less any attributable transactions costs.

Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

Notes

(forming part of the financial statements)

Accounting policies *(continued)*

1.6 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

The tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

1.7 Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the rendering of services as referred to in Note 13.

1.8 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Notes *(continued)*

2. Turnover

	2018	2017
	£	£
Investment advisory (note 13)	**13,106,470**	11,866,132
Other income	**794,900**	798,949
	13,901,370	12,665,081

3. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after:

	2018	2017
	£	£
Auditor's remuneration:		
Fees payable to the company's auditor for the audit of the company's annual accounts	**4,500**	4,140
Audit-related assurance services	**6,000**	5,670

4. Staff numbers and costs

The average number of persons employed and paid by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2018	2017
Directors	**1**	1
Other employees	**2**	2
	3	3

The aggregate payroll costs of these persons were as follows:

	2018	2017
	£	£
Wages and salaries	**486,244**	482,951

Notes *(continued)*

5. Directors' remuneration

	2018	2017
	£	£
Directors' remuneration	**214,439**	237,039

6. Tax on profit on ordinary activities

(a) Analysis of the tax charge in the year

The tax charge is based on the profit for the year and represents:

	2018	2017
	£	£
UK Corporation tax – current year	**5,477**	4,216
Deferred taxation: origination and reversal of timing differences	**(76)**	26
Tax on results on ordinary activities	**5,401**	4,242

(b) Factors affecting the total tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the United Kingdom of 19% (2017: 19.25%). The differences are explained as follows:

Profit on ordinary activities before tax	**28,382**	21,707
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 19% (2017: 19.25%)	**5,393**	4,178
Change in tax rates	**8**	64
Tax on results on ordinary activities	**5,401**	4,242

(c) Factors that may affect the future tax charges

Following the Finance Act 2016 there will be a further reduction in the main rate of corporation tax to 17% from 1 April 2020.

Notes *(continued)*

7. Tangible fixed assets

	Plant and Equipment £
Cost	
At 1 January 2018	7,688
At 31 December 2018	7,688
Depreciation	
At 1 January 2018	4,924
Provided in the year	1,382
At 31 December 2018	6,306
Net book value	
At 1 January 2018	2,764
At 31 December 2018	1,382

8. Debtors

	2018 £	2017 £
Amounts owed by related parties (note 13)	**95,929**	522,671
Other debtors	**233,831**	203,566
Deferred tax assets (note 9)	**492**	416
Prepayments	**11,206**	12,977
	341,458	739,630

Notes *(continued)*

9. Deferred taxation

Deferred taxation provided for at 17% (2017: 17%) in the financial statements is set out below:

	2018	2017
	£	£
Decelarated capital allowances	**492**	416
Net tax assets	**492**	416

10. Cash and cash equivalents

	2018	**2017**
	£	**£**
Cash at bank and in hand	**2,078,273**	**805,792**

11. Creditors: amounts falling due within one year

	2018	2017
	£	£
Amounts owed to related parties (note 13)	**1,381,122**	523,140
Taxation and social security	**43,923**	42,059
Accruals	**19,698**	29,598
	1,444,743	594,797

12. Called up share capital

	2018	2017
Allotted, called up and fully paid		
"A" ordinary shares of £1 each	**255,000**	255,000
"B" ordinary shares of £1 each	**245,000**	245,000
	500,000	500,000

Both the "A" and "B" ordinary shares carry equal voting power and rights. Details of shareholdings and certain Directors' relationships with the shareholders are given on page 7.

Notes *(continued)*

13. Related parties

	Turnover		Administrative Expenses	
	2018	2017	**2018**	2017
	£	£	**£**	£
Entities with control, joint control or significant influence	**13,901,370**	12,665,081	**13,324,474**	12,441,499

	Debtors outstanding		Creditors outstanding	
	2018	2017	**2018**	2017
	£	£	**£**	£
Entities with control, joint control or significant influence	**95,929**	522,671	**1,381,122**	523,140

The Company provides advisory services to MUTB and its affiliates which are calculated on a percentage basis of the funds subject to advisory agreements. £13,106,470 (2017: £11,866,132) was received for these services. £28,854 (2017: £437,262) was receivable from MUTB at the end of the year.

A shareholder agreement exists between the Company and MUTB whereby administrative expenses are recharged to MUTB which amounted to £794,900 (2017: £798,949). £67,075 (2017: £85,409) was receivable from MUTB at the end of the year.

Contracts exist between BGO and the Company, whereby the former provided investment advice to the Company throughout the year and received investment advisory fees of £13,106,470 (2017: £11,866,132) for these services. £28,854 (2017: £437,262) was payable to BGO at the end of the year.

The Company paid a Facilities Management Fee directly to BG&Co of £218,004 (2017: £218,004). This fee is included as a direct cost and recharged to MUTB. £18,167 (2017: £18,167) was payable to BG&Co at the end of the year.

BG&Co settled debts on behalf of the Company and subsequently fully recharged these. The sums involved amounted to £366,253 (2017: £357,363). £74,102 (2017: £67,711) was payable to BG&Co at the end of the year.

Notes *(continued)*

14. Ultimate parent entity

Mitsubishi UFJ Financial Group, Inc wholly owns Mitsubishi UFJ Trust and Banking Corporation and therefore is the ultimate parent company and is incorporated in Japan. Mitsubishi UFJ Trust and Banking Corporation has a 51% majority shareholding in Mitsubishi UFJ Baillie Gifford Asset Management Limited.

Copies of Mitsubishi UFJ Financial Group, Inc.'s accounts are available on its website at http://www.mufg.jp/english/; alternatively, copies of the accounts can be obtained from the following address:

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