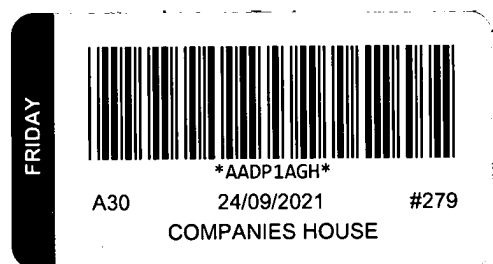


Registered number: 01150601

***Man Group Operations Limited***  
**Annual Report and Financial Statements**  
**for the year ended 31 December 2020**



## ***Man Group Operations Limited***

### **Company Information**

|                     |   |
|---------------------|---|
| Directors           | VC Balshaw<br>D A Barber<br>TIM Cruickshank                                 |
| Company secretary   | TIM Cruickshank<br>E A Woods  |
| Registered number   | 01150601  |
| Registered office   | Riverbank House<br>2 Swan Lane<br>London<br>EC4R 3AD                        |
| Independent auditor | Deloitte LLP<br>1 New Street Square<br>London<br>EC4A 3HQ<br>United Kingdom |

# ***Man Group Operations Limited***

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# ***Man Group Operations Limited***

## **Strategic Report**

### **For the year ended 31 December 2020**

The directors of Man Group Operations Limited (the "Company") present their Strategic Report, together with the Directors' Report and the audited financial statements of the Company, for the year ended 31 December 2020.

#### **Principal activities and review of the business**

During the year there were no significant changes to the principal activities of the Company which consisted of the provision of management services to Man Group plc and its subsidiaries (the "Group").

The loss for the year, after taxation, amounted to \$949,000 (2019: \$1,226,000). As at 31 December 2020 the Company had net assets of \$147,848,000 (2019: net liabilities of \$245,032,000).

An overview of the strategy of the Group is set out in the Group's 2020 Annual Report (which does not form part of this report) on pages 14-15 and in the Chief Executive's Review on pages 16-19. Consideration of the impact of Brexit to the Group and its subsidiaries is set out in the Market environment and Risk management sections of the Group's 2020 Annual Report on pages 12 and 31 respectively. As at the date of signing, no change is required to this assessment.

#### **Going concern**

After making reasonable enquiries the directors have concluded that there is a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. Accordingly, the financial statements have been prepared on a going concern basis. The going concern disclosure for the Group can be found on page 135 of the Group's 2020 Annual Report.

#### **Principal risks and uncertainties**

The directors consider the principal risks of the Company to be consistent with those identified at Group level and managed by the directors of Man Group plc. For this reason, the Company's directors believe that a discussion of the Company's risks would not be appropriate for an understanding of the development, performance or position of the Company's business. The principal risks and uncertainties of Man Group plc, which include those of the Company, are discussed in the Group's 2020 Annual Report on pages 30-37 (which does not form part of this report).

During the 12 months ended 31 December 2020 and the subsequent period up to the date of approval of the financial statements, the COVID-19 pandemic has caused extensive disruption to businesses and economic activities globally. Although COVID-19 has not had a significant or ongoing adverse impact on the Company to date, its impact on the Company's operating arrangements, including access to capital and liquidity, is subject to ongoing review by the Company's directors and senior management. This includes assessment of company-specific factors and of the Group's medium-term financial plan and capital and liquidity plan, which are built by aggregating the expected business performance across the Group and include rigorous downside scenario testing. The Group continues to have a strong cash and capital position, and its business typically has a good conversion of profits into cash flows, which helps protect the business in stressed scenarios. The directors consider that the Company is well placed to manage business and financial risks in the current economic environment and consider that the Company's longer-term success and sustainability will not be materially affected by the pandemic.

#### **Key performance indicators ("KPIs")**

The directors of the Company consider its operations to be consistent with those at Group level which are managed by the directors of Man Group plc. For this reason, the Company's directors believe that an analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Group's asset management business, which includes the Company, is discussed in the Chief Executive Officer's review on pages 16-19, the Key Performance Indicators section on pages 22-23 and the Chief Financial Officer's review on pages 24-29 of the Group's 2020 Annual Report (which does not form part of this report).

# ***Man Group Operations Limited***

## **Strategic Report (Continued)**

### **For the year ended 31 December 2020**

#### **Section 172(1) statement for the Company**

The Company is required under the Companies (Miscellaneous Reporting) Regulations 2018 to disclose how its directors have had regard to their duties under section 172(1) of the Companies Act 2006 ("s.172").

The directors confirm that during the year ended 31 December 2020, they have acted in a way that they consider, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have had regard (amongst other matters) to the matters set out in s.172(1) (a) to (f) of the Companies Act 2006. Information on employee engagement is disclosed in the Directors' Report.

The Company's role within the Group is to provide management services to other Group companies. The Company seeks to further the Group's overall long-term strategy and the directors consider that its stakeholders are largely consistent with those identified at the Group level which are discussed in further detail within the Group's 2020 Annual Report on pages 14 to 19, and in the Group's s.172 statement on pages 42 to 43. As a result of the Company and the Group's governance framework, the directors consider that the matters detailed in s.172 have been considered to an appropriate extent by the Group's Board of Directors in relation to the Group as a whole, including the Company. The directors have considered their duties in all decision-making but also rely upon the consideration and engagement that have already taken place at the Group level.

Examples of principal decisions made by the Company during 2020, where the directors had regard to the relevant matters set out in s.172 when discharging their duties, are set out below:

- The directors resolved to change the Company name during the year. In the course of Board discussions, the directors considered the need to clearly delineate the current activities of the Company from those conducted previously. The directors sought to ensure that external suppliers, as a key stakeholder group, were able to clearly identify that the Company is a subsidiary in the Group, thereby creating greater clarity and transparency for third parties engaging with the Company.
- The directors considered and approved the selection of a principal contractor for the Group's refurbishment works at its office headquarters in London. In assessing the outcomes of the tender process, the directors considered, among other factors, cost, quality, and vendor reputation in determining their selection, these factors being vital in achieving favourable commercial terms for the Group while also ensuring that the needs of the Group's employees with regard to the office premises were delivered.

The report was approved by the Board and signed on its behalf.



**V C Balshaw**

Director

Date: 22 September 2021

# ***Man Group Operations Limited***

## **Directors' Report**

### **For the year ended 31 December 2020**

#### **Results and dividends**

The loss for the year, after taxation, amounted to \$949,000 (2019: \$1,226,000). During the year the Company did not declare or pay any dividends (2019: \$NIL). The directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2020 (2019: \$NIL).

#### **Directors**

The following individuals served as directors of the Company for the duration of the year and up to the date of approval of this report.

V C Balshaw

D A Barber

TIM Cruickshank

#### **Qualifying third party indemnity provisions**

During the year the existing and former directors of the Company benefited from a qualifying third party indemnity provision, and this remains in force at the date of this report. The indemnity is provided by another company within the Group and covers, to the extent permitted by law, any third party liabilities which directors may incur as a result of their service on the Board.

#### **Future developments**

The directors do not expect any development in the Company's business in the current year to be significantly different from its present activities.

#### **Events since the end of the year**

Events affecting the Company which have occurred since 31 December 2020 are disclosed in Note 28 to the financial statements of the Company.

#### **Employee engagement statement**

The welfare of employees has been at the heart of the Group's COVID-19 response and engagement agenda, and at the forefront of every decision made. The HR and Talent teams played an active role in supporting our workforce, proactively engaging with every manager across the business to provide targeted health and well-being support for them and their teams as needed.

Moreover, and as part of our COVID-19 response plan, our technology team fast-tracked the implementation of collaboration tools for our employees to help them maintain productivity and connectivity whilst working remotely. To ensure that our employees are aware of business priorities and the latest developments across the firm, they receive a range of communications and information via several channels; we continue to share a daily newsletter with all employees and, since the beginning of the pandemic, the Man Group plc CEO has also circulated a weekly missive.

Regular town hall sessions are now virtual and led by the Group's Executive Committee and other senior management across departments and regions. Two of Man Group plc's non-executive directors, Kate Barker and Zoe Cruz, are now specifically focused on staff engagement. We are pleased to report that our 2020 staff survey recorded an engagement score of 83% and an increased response rate of 85%.

We believe that the continued success of our firm is due to our employees. Throughout this unusual year, our focus on attracting and retaining the best talent has remained a top priority, and we have continued our emphasis on training and development as a key way to maintain our competitive edge. Our Talent Development Strategy is fully established and a core part of our business. We seek to provide career development guidance and performance support to staff at all levels.

## ***Man Group Operations Limited***

### **Directors' Report (Continued)**

#### **For the year ended 31 December 2020**

##### **Disabled employees**

The employment policy of the Company as it relates to disabled persons is consistent with the policy identified at Group level and managed by the directors of Man Group plc. For this reason, the Company's directors believe that a discussion of employment of disabled persons would not be appropriate for an understanding of the development, performance or position of the Company's business. This matter, as it relates to Man Group plc, is discussed in the People and culture section on pages 56-60 of the Group's 2020 Annual Report (which does not form part of this report).

##### **Energy and Carbon Reporting**

The Company is exempt from preparing energy and carbon disclosures as set out in The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (the 'Regulations'), which apply for accounting periods commencing on or after 1 April 2019, in accordance with 20A(2) of Part 7A of the regulations.

##### **Research and Development**

A number of the Company's employees were engaged in research and development activities, supporting the Group's AHL investment management business. These activities were in the fields of computer science, software engineering and signal processing. Further details of the Group's activities in the field of research and development can be found in the Market environment and industry trends section on pages 12-13, the Our strategy section on pages 14-15 and the Chief Executive Officer's review on pages 16-19 of the Group's 2020 Annual Report (which does not form part of this report).

##### **Statement on Business Relationships**

The actions taken during the year to foster business relationships are consistent with those identified at Group level and managed by the directors of Man Group plc. For this reason, the Company's directors believe that a discussion of these matters would not be appropriate for an understanding of the development, performance or position of the Company's business. The actions taken at Man Group plc level in fostering business relationships, is discussed in the section 172(1) disclosure on pages 42-43 and 75 of the Group's 2020 Annual Report (which does not form part of this report). Additional details on how the Company seeks to foster business relationships are also disclosed in the Section 172(1) statement in the Strategic report.

##### **Financial instruments**

The directors consider the financial risks of the Company to be consistent with those identified at Group level and managed by the directors of Man Group plc. For this reason, the Company's directors believe that a discussion of the Company's financial risks would not be appropriate for an understanding of the development, performance or position of the Company's business. The principal financial risks of Man Group plc, which include those of the Company, are discussed in notes 12 and 25 of the Group's 2020 Annual Report on pages 144 and 160 respectively (which do not form part of this report).

##### **Auditor**

Deloitte LLP was reappointed as auditor of the Company and the Group for the year ended 31 December 2020. Under section 487(2) of the Companies Act 2006, Deloitte LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

***Man Group Operations Limited***

**Directors' Report (Continued)**

**For the year ended 31 December 2020**

**Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This report was approved by the Board and signed on its behalf.



**V C Balshaw**

Director

Date: 22 September 2021



## ***Man Group Operations Limited***

### **Directors' Responsibilities Statement For the year ended 31 December 2020**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records 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. The directors have general responsibility for taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## ***Man Group Operations Limited***

### **Independent Auditor's Report to the Members of Man Group Operations Limited**

#### **Report on the audit of financial statements**

##### **Opinion**

In our opinion the financial statements of Man Group Operations Limited ('the Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the Companies Act 2006.

We have audited the financial statements of the Company which comprise:

- the Profit and Loss Account;
- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 30.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council (the 'FRC's) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with the Council's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

##### **Other information**

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information, except to the extent otherwise explicitly stated in our report, is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in in this regard.

## ***Man Group Operations Limited***

### **Independent Auditor's Report to the Members of Man Group Operations Limited (Continued)**

#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation, and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

## ***Man Group Operations Limited***

### **Independent Auditor's Report to the Members of Man Group Operations Limited (Continued)**

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

#### **Report on other legal and regulatory requirements**

##### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report or the Directors' report.

##### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

##### **Use of our report**

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.



**Peter van Daesdonk** (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
Date: 22 September 2021

## ***Man Group Operations Limited***

### **Profit and Loss Account**

For the year ended 31 December 2020

|  | <b>Note</b> | <b>2020<br/>\$000</b> | <b>2019<br/>\$000</b> |
|--|-------------|-----------------------|-----------------------|
| Turnover   | 4           | 342,380               | 340,622               |
| <b>Gross profit</b>  |             | <u>342,380</u>        | <u>340,622</u>        |
| Administrative expenses  |             | (334,278)             | (355,435)             |
| Other operating (expense)/income   | 5           | (697)                 | 25,651                |
| <b>Operating profit</b>  | 9           | <u>7,405</u>          | <u>10,838</u>         |
| Interest receivable and similar income                                   | 6           | 10                    | 119                   |
| Interest payable and similar expenses                                    | 7           | (6,447)               | (18,218)              |
| Other finance income   | 8           | 332                   | 668                   |
| <b>Profit/(loss) before tax</b>  |             | <u>1,300</u>          | <u>(6,593)</u>        |
| Tax on profit/(loss)   | 13          | (2,249)               | 5,367                 |
| <b>Loss for the financial year attributable to owners of the Company</b> |             | <u>(949)</u>          | <u>(1,226)</u>        |

All amounts relate to continuing operations.

There were recognised gains and losses for the current and prior year other than those included in the Profit and Loss Account, which have been included in the Statement of Comprehensive Income.

The notes on pages 15 to 41 form part of these financial statements.

## ***Man Group Operations Limited***

### **Statement of Comprehensive Income** For the year ended 31 December 2020

|  | Note | 2020<br>\$000          | 2019<br>\$000         |
|--|------|------------------------|-----------------------|
| <b>Loss for the financial year</b>                                 |      | <u>(949)</u>           | <u>(1,226)</u>        |
| <b>Other comprehensive income/(expense):</b>                       |      |                        |                       |
| <b>Items that will not be reclassified to profit or loss:</b>      |      |                        |                       |
| Actuarial loss related to defined benefit pension scheme           | 26   | (14,507)               | (7,877)               |
| Movement of deferred tax related to defined benefit pension scheme | 13   | (1,568)                | (1,878)               |
| Movement of current tax related to defined benefit pension scheme  | 13   | 3,757                  | 3,757                 |
|  |      | <u>(12,318)</u>        | <u>(5,998)</u>        |
| <b>Total comprehensive expense for the year</b>                    |      | <u><u>(13,267)</u></u> | <u><u>(7,224)</u></u> |

The notes on pages 15 to 41 form part of these financial statements.

# **Man Group Operations Limited**

## **Balance Sheet**

As at 31 December 2020

Registered number: 01150601

|   | Note | 2020<br>\$000    | 2019<br>\$000    |
|---|------|------------------|------------------|
| <b>Fixed assets</b>                                     |      |                  |                  |
| Intangible assets                                       | 15   | 37,403           | 29,882           |
| Tangible assets   | 16   | 13,120           | 14,405           |
| Right-of-use lease assets                               | 17   | 8,331            | 18,190           |
| Investments   | 18   | <u>2,678</u>     | <u>2,741</u>     |
|   |      | 61,532           | 65,218           |
| <b>Current assets</b>                                   |      |                  |                  |
| Debtors: amounts falling due after more than one year   | 19   | 5,290            | 7,322            |
| Debtors: amounts falling due within one year            | 19   | <u>216,900</u>   | <u>181,835</u>   |
|   |      | 222,190          | 189,157          |
| Creditors: amounts falling due within one year          | 20   | <u>(132,373)</u> | <u>(500,986)</u> |
|   |      | (132,373)        | (500,986)        |
| <b>Net current assets/(liabilities)</b>                 |      | 89,817           | (311,829)        |
| <b>Total assets less current liabilities</b>            |      | 151,349          | (246,611)        |
| Creditors: amounts falling due after more than one year | 21   | <u>(1,334)</u>   | <u>(9,835)</u>   |
|   |      | 150,015          | (256,446)        |
| <b>Provisions for liabilities</b>                       |      |                  |                  |
| Other provisions  | 22   | <u>(5,094)</u>   | <u>(4,889)</u>   |
| <b>Net assets/(liabilities) excluding pension asset</b> |      | 144,921          | (261,335)        |
| Pension asset   | 26   | <u>2,927</u>     | <u>16,303</u>    |
| <b>Net assets/(liabilities)</b>                         |      | <u>147,848</u>   | <u>(245,032)</u> |
| <b>Capital and reserves</b>                             |      |                  |                  |
| Called-up share capital                                 | 24   | 629,836          | 230,636          |
| Share premium account                                   |      | 59,013           | 59,013           |
| Profit and loss account                                 | 25   | <u>(541,001)</u> | <u>(534,681)</u> |
|   |      | <u>147,848</u>   | <u>(245,032)</u> |

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:



**V C Balshaw**

Director

Date: 22 September 2021

The notes on pages 15 to 41 form part of these financial statements.

## ***Man Group Operations Limited***

### **Statement of Changes in Equity**

For the year ended 31 December 2020

|  | <b>Called-up<br/>share<br/>capital<br/>(Note 24)<br/>\$000</b> | <b>Share<br/>premium<br/>account<br/>\$000</b> | <b>Profit and loss<br/>account<br/>(Note 25)<br/>\$000</b> | <b>Total equity<br/>\$000</b> |
|--|--|--|--|-------------------------------|
| <b>At 1 January 2020</b>   | 230,636  | 59,013   | (534,681)  | (245,032)                     |
| <b>Comprehensive income for the year</b>                                     |  |  |  |                               |
| Loss for the financial year  | -  | -  | (949)  | (949)                         |
| Actuarial loss related to defined benefit pension scheme (Note 26)           | -  | -  | (14,507)   | (14,507)                      |
| Movement of deferred tax related to defined benefit pension scheme (Note 13) | -  | -  | (1,568)  | (1,568)                       |
| Movement of current tax related to defined benefit pension scheme (Note 13)  | -  | -  | 3,757  | 3,757                         |
| <b>Total comprehensive expense for the year</b>                              | -  | -  | <b>(13,267)</b>  | <b>(13,267)</b>               |
| Issue of share capital (Note 24)   | 399,200  | -  | -  | 399,200                       |
| Net share-based payments credit (Note 25)                                    | -  | -  | 6,912  | 6,912                         |
| Movement of current tax on share-based payment transactions (Note 13)        | -  | -  | 111  | 111                           |
| Movement of deferred tax on share-based payment transactions (Note 13)       | -  | -  | (76)   | (76)                          |
| <b>Total transactions with owners</b>  | <b>399,200</b>   | <b>-</b>                                       | <b>6,947</b>   | <b>406,147</b>                |
| <b>At 31 December 2020</b>   | <b>629,836</b>   | <b>59,013</b>                                  | <b>(541,001)</b>   | <b>147,848</b>                |

The notes on pages 15 to 41 form part of these financial statements.



## ***Man Group Operations Limited***

### **Statement of Changes in Equity**

For the year ended 31 December 2019

|  | <b>Called-up<br/>share<br/>capital</b> | <b>Share<br/>premium<br/>account</b> | <b>Profit and loss<br/>account</b> | <b>Total equity</b> |
|--|--|--------------------------------------|------------------------------------|---------------------|
|  | <b>(Note 24)</b>                       |                                      | <b>(Note 25)</b>                   |                     |
|  | <b>\$000</b>                           | <b>\$000</b>                         | <b>\$000</b>                       | <b>\$000</b>        |
| <b>At 1 January 2019</b>   | 230,636                                | 59,013                               | (528,595)                          | (238,946)           |
| Adjustment for adoption of IFRS 16   | -                                      | -                                    | (22,608)                           | (22,608)            |
| <b>At 1 January 2019</b>   | <b>230,636</b>                         | <b>59,013</b>                        | <b>(551,203)</b>                   | <b>(261,554)</b>    |
| <b>Comprehensive income for the year</b>                                     |  |                                      |                                    |                     |
| Loss for the financial year  | -                                      | -                                    | (1,226)                            | (1,226)             |
| Actuarial loss related to defined benefit pension scheme (Note 26)           | -                                      | -                                    | (7,877)                            | (7,877)             |
| Movement of deferred tax related to defined benefit pension scheme (Note 13) | -                                      | -                                    | (1,878)                            | (1,878)             |
| Movement of current tax related to defined benefit pension scheme (Note 13)  | -                                      | -                                    | 3,757                              | 3,757               |
| <b>Total comprehensive expense for the year</b>                              | <b>-</b>                               | <b>-</b>                             | <b>(7,224)</b>                     | <b>(7,224)</b>      |
| Capital Contribution   | -                                      | -                                    | 26,561                             | 26,561              |
| Net share-based payments charge (Note 25)                                    | -                                      | -                                    | (3,236)                            | (3,236)             |
| Movement of current tax on share-based payment transactions (Note 13)        | -                                      | -                                    | 26                                 | 26                  |
| Movement of deferred tax on share-based payment transactions (Note 13)       | -                                      | -                                    | 395                                | 395                 |
| <b>Total transactions with owners</b>  | <b>-</b>                               | <b>-</b>                             | <b>23,746</b>                      | <b>23,746</b>       |
| <b>At 31 December 2019</b>   | <b>230,636</b>                         | <b>59,013</b>                        | <b>(534,681)</b>                   | <b>(245,032)</b>    |

The notes on pages 15 to 41 form part of these financial statements.

## ***Man Group Operations Limited***

### **Notes to the Financial Statements**

**For the year ended 31 December 2020**

#### **1. General information**

The Company was incorporated under the Companies Act 2006 and registered in England and Wales as a private company limited by shares on 11 December 1973. The Company's registered office address is Riverbank House, 2 Swan Lane, London, EC4R 3AD.

The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 1.

#### **2. Basis of Preparation of Financial Statements**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

##### **2.1 Basis of preparation**

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the Company has prepared the financial statements in line with FRS 101 (Financial Reporting Standard 101) as issued by the Financial Reporting Council and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets, related party transactions and revenue from contracts with customers. Where required, equivalent disclosures are given in the group accounts of Man Group plc.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements as it is a wholly owned subsidiary of Man Group plc. These financial statements present information about the Company as an individual undertaking and not about its group. The Company's ultimate parent undertaking, Man Group plc includes the Company in its consolidated financial statements. The consolidated financial statements of Man Group plc are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are publicly available and may be obtained from the address given in Note 30.

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

##### **2.2 Impact of new international reporting standards, amendments and interpretations**

The following accounting standards relevant to the Company's operations were effective for the first time in the year to 31 December 2020. Their adoption has not had a significant impact on these financial statements:

- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': definition of material; and
- Amendments to References to the Conceptual Framework in IFRS Standards.

The following standards are relevant to the Company's operations and have been issued by the IASB but are not yet mandatory and have not been early adopted by the Company:

## ***Man Group Operations Limited***

### **Notes to the Financial Statements**

For the year ended 31 December 2020

#### **2 Basis of Preparation of financial statements (continued)**

##### **2.2 Impact of new international reporting standards, amendments and interpretations (continued)**

- Amendments to IAS 1 'Presentation of Financial Statements': classification of liabilities as current or non-current;

- Amendments to IAS 16 'Property, Plant and Equipment': property, plant and equipment – proceeds before intended use; and

- Annual Improvements to IFRS Standards 2018-2020 Cycle: amendments to IFRS 1 first-time adoption of International Financial Reporting Standards, IFRS 9 'Financial Instruments', IFRS 16 and IAS 41 'Agriculture'.

No other standards or interpretations issued and not yet effective are expected to have an impact on the Company's financial statements.

##### **2.3 Going concern**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

##### **2.4 Internally-generated intangible assets – research and development expenditure**

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Company's software development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible assets so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the Profit and Loss Account in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 5 years, with the amortisation charge recognised within Administration expenses.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

## ***Man Group Operations Limited***

### **Notes to the Financial Statements**

**For the year ended 31 December 2020**

#### **2 Basis of preparation of financial statements (continued)**

##### **2.5 Derecognition of intangible and tangible assets**

An intangible asset or tangible fixed asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible or tangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

##### **2.6 Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

- Leasehold improvements: the shorter of the life of the lease and the improvement (up to 5 years)
- Equipment: 3 to 10 years

Residual value is calculated on prices prevailing at the date of acquisition or revaluation. Useful lives and residual values are reviewed at the end of every reporting period.

##### **2.7 Impairment of tangible and intangible assets**

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

##### **2.8 Investments**

Investments in subsidiaries are shown at cost less provision for impairment. Other fixed asset investments are stated at fair value through profit and loss ("FVTPL") as detailed in Note 2.20.

##### **2.9 Taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Profit and Loss Account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

## ***Man Group Operations Limited***

### **Notes to the Financial Statements** **For the year ended 31 December 2020**

#### **2 Basis of preparation of financial statements (continued)**

##### **2.9 Taxation (continued)**

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

##### **2.10 Turnover**

The Company's primary source of revenue is management income representing the recovery of costs incurred with respect to services performed for fellow subsidiary undertakings. Management income is recognised in the period in which the services are performed.

The Company manages, operates and reports turnover as a single business segment.

##### **2.11 Dividend income**

Dividend income is recognised when the right to receive payment is established.

##### **2.12 Interest income/(expense)**

Interest income/(expense) is recognised using the effective interest rate method. In calculating interest income/(expense), the effective interest rate is applied to the gross carrying amount of the asset, when the asset is not impaired or to the amortised cost of the liability for interest expense. For financial assets that have been impaired after initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer impaired the interest income calculation reverts to the gross carrying amount.

##### **2.13 Other operating income/(expense)**

Other operating income comprises sundry income, sub-lease rental income and foreign exchange gains and losses, and is recognised as earned/(incurred).

##### **2.14 Administrative expenses**

Administrative expenses comprise amounts incurred in the operations of the business, and are recognised as incurred.

##### **2.15 Pension costs**

For defined contribution schemes the amount charged to the Profit and Loss Account in respect of pension costs and other post-retirement benefits is the contributions payable in the year.

Man Group plc, the ultimate parent undertaking, operates a group defined benefit pension scheme. This plan is closed to future accruals and there have been no contributions to the scheme in the current or prior years.

## ***Man Group Operations Limited***

### **Notes to the Financial Statements**

For the year ended 31 December 2020

#### **2 Basis of preparation of financial statements (continued)**

##### **2.16 Fund product-based compensation**

At times employee compensation is delivered to employees through granting fund product awards. These awards vest over a specified time period (generally 3 years) at which time the employee is entitled to receive the value of the award granted. At grant date these awards are pre-funded by the employing entity to the Employee Trust, who then assumes the obligation to deliver the awards to employees at vest date.

At the date the awards are pre-funded to the Employee Trust, a prepayment is recognised within Debtors on the Balance Sheet. This prepayment is then amortised on a straight-line basis in order to recognise the compensation expense in the Profit and Loss Account over the vesting period of the award.

Fund product-based compensation expenses are included in Administrative expenses.

##### **2.17 Share-based payments**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Profit and Loss Account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Profit and Loss Account over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Profit and Loss Account is charged with the fair value of goods and services received.

##### **2.18 Foreign currency**

The financial statements are presented in United States Dollars (USD), which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the functional currency are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

## ***Man Group Operations Limited***

### **Notes to the Financial Statements**

For the year ended 31 December 2020

#### **2 Basis of preparation of financial statements (continued)**

##### **2.19 Leases**

The Company assesses whether a contract is or contains a lease at the inception of the contract. Right-of-use ("ROU") lease assets are classified as leasehold property and recorded at cost less depreciation and impairment. Cost includes the amount of the initial measurement of the associated lease liability, lease payments made at or before the lease commencement date, lease incentives received, and estimated costs to be incurred in restoring property to the condition required under the terms of the lease. Depreciation is calculated on a straight-line basis over the lease term. For leases of low value assets and leases with a lease term of one year or less, the Company accounts for these leases as operating leases, recognising the lease payments on a straight-line basis over the lease term, even if the payments are not made on such a basis.

The lease term is determined as the non-cancellable period of a lease, together with periods covered by an option to extend the lease if the Company considers that exercise of the option is reasonably certain. All lease liabilities are discounted using the interest rate implicit in the lease. If this rate cannot be determined, the Group's incremental cost of borrowing on the lease commencement or modification date is used to discount the lease liability. The unwind of lease liability discount is included within interest payable.

Rental income in respect of sub-leased business premises arrangements, which are classified as operating leases under IFRS 16, is recognised on a straight-line basis over the life of the lease.

##### **2.20 Financial instruments**

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

##### ***Financial assets and liabilities***

All financial assets and liabilities are recognised and derecognised on a trade date, being the date on which the Company commits to purchase or sell the asset or liability. Financial assets are derecognised only when the contractual rights to the cash flows from the asset have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership to another entity. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. Any gain or loss arising on derecognition of a financial asset or liability is recognised directly in profit or loss.

Financial assets and liabilities are initially measured at fair value, plus transaction costs, except for those financial assets and liabilities classified as at fair value through profit or loss ("FVTPL"), which are initially measured at fair value. Transaction costs of financial assets and liabilities carried at FVTPL are expensed in profit or loss.

The Company's financial assets and liabilities are measured subsequently at amortised cost or FVTPL depending on the classification of the financial assets and liabilities, with classification determined at the time of initial recognition.

##### ***Financial assets and liabilities at amortised cost***

Trade and other receivables and trade and other payables are subsequently measured at amortised cost using the effective interest method. Interest income and expense is recognised by applying the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the instrument or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

## ***Man Group Operations Limited***

### **Notes to the Financial Statements**

For the year ended 31 December 2020

#### **2 Basis of preparation of financial statements (continued)**

##### **2.20 Financial Instruments (continued)**

###### ***Financial assets and liabilities at FVTPL***

Financial assets and liabilities at FVTPL are measured at fair value, with gains or losses arising on remeasurement recognised in profit or loss and presented within Other operating income in the Profit and Loss Account.

###### ***Valuation techniques and assumptions applied for the purposes of measuring fair value***

The fair values of financial assets and liabilities are determined as follows.

- The fair values of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair values of other financial assets and liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.
- The fair values of derivative instruments are calculated using observable prices.

##### **2.21 Impairment of financial assets**

The Company assesses on a forward-looking basis the expected credit loss ("ECL") associated with its financial assets. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. For internal credit risk management, the Company considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors.

Additionally the Company measures the loss allowance on its financial assets other than trade and other receivables at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. In assessing whether the credit risk has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the date of final recognition and considers both quantitative and qualitative information that is reasonable and supportable in its assessment.

If, at the reporting date, the credit risk on a financial asset other than a trade and other receivable has not increased significantly since initial recognition, the Company measures the loss allowance for that financial asset at an amount equal to 12-month ECL, which represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. The Company uses its historical credit loss experience, adjusted for factors that are specific to the debtor's general economic conditions and an assessment of both the current conditions at the reporting date, as well as the forecast of future conditions in calculating 12-month ECL.

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Any subsequent recoveries are recognised in profit or loss.



## ***Man Group Operations Limited***

### **Notes to the Financial Statements** **For the year ended 31 December 2020**

#### **2 Basis of preparation of financial statements (continued)**

##### **2.22 Derivative financial instruments**

At times the Company may enter into derivative financial instruments, including foreign exchange forward contracts, to manage its exposure to foreign exchange rate risk.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

##### **2.23 Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### **3. Judgements in applying accounting policies and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in Note 2 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions, which are reviewed on an ongoing basis, are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgemental areas that the directors have made, which have the most significant effect on the amounts recognised in the financial statements.

##### ***Critical accounting estimates and assumptions***

##### **Recognition of deferred tax assets**

The Company has recognised a deferred tax asset due to temporary timing differences which are expected to reverse in future years. The recognition of deferred tax assets is a key judgement of the directors who anticipate that there will be sufficient profits arising in the future years to utilise these temporary differences.

## ***Man Group Operations Limited***

### **Notes to the Financial Statements**

For the year ended 31 December 2020

#### **3 Judgements in applying accounting policies and key sources of estimation uncertainty (Continued)**

##### **Defined benefit pension scheme**

The Group operates a defined benefit pension scheme. The net assets and liabilities of the scheme are incorporated into the Company's Balance Sheet. The actuarial assumptions used in the valuation of those assets and liabilities are key sources of estimation uncertainty and are set out in Note 26.

#### **4 Turnover**

|                   | <b>2020</b>    | <b>2019</b>    |
|-------------------|----------------|----------------|
|                   | <b>\$000</b>   | <b>\$000</b>   |
| Management income | 342,380        | 340,622        |
|                   | <u>342,380</u> | <u>340,622</u> |

An analysis of the Company's turnover by geographical location is set out below:

|                   | <b>2020</b>    | <b>2019</b>    |
|-------------------|----------------|----------------|
|                   | <b>\$000</b>   | <b>\$000</b>   |
| United Kingdom    | 243,087        | 280,813        |
| Rest of Europe    | 70,164         | 39,741         |
| Rest of the world | 29,129         | 20,068         |
|                   | <u>342,380</u> | <u>340,622</u> |

Management income has now been presented as turnover, being reclassified from other operating income, with prior period comparatives restated.

#### **5 Other operating (expense)/income**

|                                     | <b>2020</b>  | <b>2019</b>   |
|-------------------------------------|--------------|---------------|
|                                     | <b>\$000</b> | <b>\$000</b>  |
| Sub-lease rental income             | 364          | 7,760         |
| Net foreign exchange (losses)/gains | (1,061)      | 17,891        |
|                                     | <u>(697)</u> | <u>25,651</u> |

#### **6 Interest receivable and similar income**

|  | <b>2020</b>  | <b>2019</b>  |
|--|--------------|--------------|
|  | <b>\$000</b> | <b>\$000</b> |
| Interest receivable from group companies | 10           | 49           |
| Other interest receivable                | -            | 70           |
|  | <u>10</u>    | <u>119</u>   |

## ***Man Group Operations Limited***

### **Notes to the Financial Statements** For the year ended 31 December 2020

#### **7 Interest payable and similar expenses**

|                                     | <b>2020</b>  | <b>2019</b>   |
|-------------------------------------|--------------|---------------|
|                                     | <b>\$000</b> | <b>\$000</b>  |
| Bank interest payable               | -            | 104           |
| Interest payable to group companies | 5,987        | 10,368        |
| Unwind of lease liability discount  | 460          | 7,746         |
|                                     | <u>6,447</u> | <u>18,218</u> |

#### **8 Other finance income**

|   | <b>2020</b>  | <b>2019</b>  |
|---|--------------|--------------|
|   | <b>\$000</b> | <b>\$000</b> |
| Interest on defined benefit pension asset | 332          | 668          |
|   | <u>332</u>   | <u>668</u>   |

#### **9 Operating profit**

The operating profit is stated after charging/(crediting):

|   | <b>2020</b>   | <b>2019</b>  |
|---|---------------|--------------|
|   | <b>\$000</b>  | <b>\$000</b> |
| Net foreign exchange losses/(gains)     | 1,061         | (17,891)     |
| Depreciation of tangible fixed assets   | 6,779         | 8,321        |
| Depreciation of ROU lease asset         | 7,830         | 11,598       |
| Amortisation of intangible fixed assets | <u>13,655</u> | <u>9,381</u> |

#### **10 Auditor's remuneration**

The Company paid the following amounts to its auditor in respect of the audit of the financial statements:

|                                   | <b>2020</b>  | <b>2019</b>  |
|-----------------------------------|--------------|--------------|
|                                   | <b>\$000</b> | <b>\$000</b> |
| Fees for the audit of the Company | 99           | 94           |
|                                   | <u>99</u>    | <u>94</u>    |

## ***Man Group Operations Limited***

### **Notes to the Financial Statements** **For the year ended 31 December 2020**

#### **11 Employees**

Staff costs, including directors' remuneration, were as follows:

|                                     | <b>2020</b>    | <b>2019</b>    |
|-------------------------------------|----------------|----------------|
|                                     | <b>\$000</b>   | <b>\$000</b>   |
| Wages and salaries                  | 176,469        | 178,309        |
| Social security costs               | 27,883         | 29,115         |
| Fund product-based compensation     | 13,120         | 14,050         |
| Cost of defined contribution scheme | 7,003          | 5,836          |
| Share-based payments                | 7,066          | 8,618          |
|                                     | <u>231,541</u> | <u>235,928</u> |

All employee related costs and expenses are settled by the Company pursuant to an intra-group agreement with the employing entity, Man Group Services Limited.

The average monthly number of employees, including the directors, during the year was as follows:

|                 | <b>2020</b> | <b>2019</b> |
|-----------------|-------------|-------------|
|                 | <b>No.</b>  | <b>No.</b>  |
| Permanent staff | 921         | 834         |
| Temporary staff | 67          | 57          |
|                 | <u>988</u>  | <u>891</u>  |

## ***Man Group Operations Limited***

### **Notes to the Financial Statements** **For the year ended 31 December 2020**

#### **12 Directors' remuneration**

The directors' emoluments were as follows:

|   | <b>2020</b>  | <b>2019</b>  |
|---|--------------|--------------|
|   | <b>\$000</b> | <b>\$000</b> |
| Directors' emoluments                           | 2,324        | 2,937        |
| Directors' pension costs - defined contribution | 20           | 55           |
|   | <u>2,344</u> | <u>2,992</u> |

During the year retirement benefits were accruing to 3 directors (2019:5) in respect of defined contribution pension schemes.

During the year share options were exercised by 3 directors (2019:5).

During the year shares were received or receivable under long-term incentive schemes in respect of 3 directors (2019: 5).

#### **Highest paid director**

The highest paid director's emoluments were as follows:

|   | <b>2020</b>  | <b>2019</b>  |
|---|--------------|--------------|
|   | <b>\$000</b> | <b>\$000</b> |
| Director's emoluments                           | 1,056        | 1,030        |
| Director's pension costs - defined contribution | 13           | 25           |
|   | <u>1,069</u> | <u>1,055</u> |

During the year the highest paid director has exercised share options / awards in the year and has shares receivable under long-term incentive schemes.

# ***Man Group Operations Limited***

## **Notes to the Financial Statements** For the year ended 31 December 2020

### **13 Taxation**

|  | <b>2020</b>  | <b>2019</b>    |
|--|--------------|----------------|
|  | <b>\$000</b> | <b>\$000</b>   |
| <b>Corporation tax</b>                         |              |                |
| Current tax on profit/loss for the year        | (1,001)      | (4,177)        |
| Adjustments in respect of prior periods        | 3,889        | (1,293)        |
|  | <u>2,888</u> | <u>(5,470)</u> |
| <b>Total current tax</b>                       | <u>2,888</u> | <u>(5,470)</u> |
| <b>Deferred tax</b>                            |              |                |
| Origination and reversal of timing differences | 617          | (686)          |
| Changes to tax rates                           | (1,147)      | 314            |
| Adjustments in respect of prior periods        | (109)        | 475            |
|  | <u>(639)</u> | <u>103</u>     |
| <b>Total deferred tax (Note 23)</b>            | <u>(639)</u> | <u>103</u>     |
| <b>Taxation on profit/loss</b>                 | <u>2,249</u> | <u>(5,367)</u> |

### **Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

|  | <b>2020</b>  | <b>2019</b>    |
|--|--------------|----------------|
|  | <b>\$000</b> | <b>\$000</b>   |
| <b>Profit/(loss) before tax</b>  | 1,300        | (6,593)        |
| <b>Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)</b> | 247          | (1,253)        |
| <b>Effects of:</b>   |              |                |
| Expenses not deductible/income not taxable for tax purposes                                      | 148          | 401            |
| Impact of tax rate changes   | (1,147)      | 314            |
| Adjustments to tax charge in respect of previous periods   | 3,780        | (818)          |
| Adjustments in relation to share based payments  | (779)        | (3,671)        |
| Pension spreading foreign exchange movement  | (39)         | (445)          |
| Taxable income on disposal of capitalised revenue  | -            | 105            |
| Capital gain   | 39           | -              |
| <b>Total tax charge/(credit) for the year</b>  | <u>2,249</u> | <u>(5,367)</u> |

## ***Man Group Operations Limited***

### **Notes to the Financial Statements**

For the year ended 31 December 2020

#### **13 Taxation (continued)**

##### **Factors that may affect future tax charges**

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020.

In the Spring Budget 2021, the government announced that from 1 April 2023 the headline corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the deferred tax asset by \$975,000.

|   | <b>2020</b>  | <b>2019</b>  |
|---|--------------|--------------|
|   | <b>\$000</b> | <b>\$000</b> |
| <b>Current tax</b>  |              |              |
| Current year tax credit   | (3,757)      | (3,757)      |
|   | (3,757)      | (3,757)      |
| <b>Deferred tax</b>   |              |              |
| Deferred tax current year charge  | 1,004        | 1,878        |
| Deferred tax prior year charge  | 564          | -            |
|   | 1,568        | 1,878        |
| <b>Total income tax recognised directly in other comprehensive income</b> | (2,189)      | (1,879)      |

In addition to the amount charged to the Profit and Loss Account and other comprehensive income, the following amounts relating to tax have been recognised directly in equity:

|  | <b>2020</b>  | <b>2019</b>  |
|--|--------------|--------------|
|  | <b>\$000</b> | <b>\$000</b> |
| <b>Current tax</b>   |              |              |
| Excess tax deductions related to share-based payment schemes                     | (111)        | (26)         |
|  | (111)        | (26)         |
| <b>Deferred tax</b>  |              |              |
| Change in estimated excess tax deductions related to share-based payment schemes | 76           | (395)        |
|  | 76           | (395)        |
| <b>Total income tax recognised directly in equity</b>                            | (35)         | (421)        |

## ***Man Group Operations Limited***

### **Notes to the Financial Statements**

For the year ended 31 December 2020

#### **14 Share-based payments**

The Group operates equity-settled share-based payment schemes. Further details of these schemes can be found in the Man Group plc Annual Report for the year ended 31 December 2020 (Note 19 to the financial statements on pages 152 to 153).

##### *Equity-settled share awards*

The awards outstanding at 31 December 2020 had a weighted average remaining contractual life of 5.8 years. In 2020, awards were granted on 13 March, 18 April and 19 October 2020 (2019: 1 March, 12 March, 12 April, 12 June and 23 December 2019). The aggregate of the estimated fair values of the awards granted on those dates is \$10,685,000 (2019: \$9,069,000).

##### *Equity-settled share options*

The weighted average exercise price at the date of exercise for share options exercised during the period was \$1.30. The options outstanding at 31 December 2020 had exercise prices ranging from \$1.23 to \$4.22 and a weighted average remaining contractual life of 1.8 years. In 2020, options were granted on 7 September 2020 (2019: 10 September). The aggregate of the estimated fair values of the options granted on those dates is \$4,343,000 (2019: \$851,000).

#### **15 Intangible assets**

|                       | <b>Total</b>  |
|-----------------------|---------------|
|                       | <b>\$000</b>  |
| <b>Cost</b>           |               |
| At 1 January 2020     | 46,433        |
| Additions             | 21,176        |
| Disposals             | (1,505)       |
| At 31 December 2020   | <u>66,104</u> |
| <b>Amortisation</b>   |               |
| At 1 January 2020     | 16,551        |
| Charge for the year   | 13,655        |
| On disposals          | (1,505)       |
| At 31 December 2020   | <u>28,701</u> |
| <b>Net book value</b> |               |
| At 31 December 2020   | <u>37,403</u> |
| At 31 December 2019   | <u>29,882</u> |



***Man Group Operations Limited***

**Notes to the Financial Statements**  
For the year ended 31 December 2020

**16 Tangible fixed assets**

|                          | <b>Leasehold<br/>improvements<br/>\$000</b> | <b>Equipment<br/>\$000</b> | <b>Total<br/>\$000</b> |
|--------------------------|---|----------------------------|------------------------|
| <b>Cost or valuation</b> |   |                            |                        |
| At 1 January 2020        | 263   | 35,174                     | 35,437                 |
| Additions                | -   | 6,089                      | 6,089                  |
| Disposals                | -   | (3,241)                    | (3,241)                |
| At 31 December 2020      | 263   | 38,022                     | 38,285                 |
| <b>Depreciation</b>      |   |                            |                        |
| At 1 January 2020        | 263   | 20,769                     | 21,032                 |
| Charge for the year      | -   | 6,779                      | 6,779                  |
| Disposals                | -   | (2,646)                    | (2,646)                |
| At 31 December 2020      | 263   | 24,902                     | 25,165                 |
| <b>Net book value</b>    |   |                            |                        |
| At 31 December 2020      | -   | 13,120                     | 13,120                 |
| At 31 December 2019      | -   | 14,405                     | 14,405                 |

## ***Man Group Operations Limited***

### **Notes to the Financial Statements** For the year ended 31 December 2020

#### **17 Leases**

##### **16.1 The Company as lessee**

##### **Right-of-use lease assets**

|                                | <b>Total<br/>\$000</b> |
|--------------------------------|------------------------|
| <b>Cost or valuation</b>       |                        |
| At 1 January 2020              | 26,643                 |
| Additions                      | 2,063                  |
| Early exercise of break clause | (4,092)                |
| At 31 December 2020            | <u>24,614</u>          |
| <b>Depreciation</b>            |                        |
| At 1 January 2020              | 8,453                  |
| Charge for the year            | 7,830                  |
| At 31 December 2020            | <u>16,283</u>          |
| <b>Net book value</b>          |                        |
| At 31 December 2020            | <u>8,331</u>           |
| At 31 December 2019            | <u>18,190</u>          |

The Company's lease arrangements relate to business premises property leases.

During the year ended 2020, another group undertaking exercised a break option on one of its business premises, for which the Company holds a sub-lease agreement, resulting in a \$4,092,000 decrease in the lease liability and associated ROU lease asset.

##### **Lease liability**

The maturity of the contractual undiscounted cash flows for the lease liability is as follows:

|                              | <b>2020<br/>\$000</b> | <b>2019<br/>\$000</b> |
|------------------------------|-----------------------|-----------------------|
| - within one year            | 5,181                 | 8,669                 |
| - between one and five years | 2,664                 | 11,961                |
| - between five and ten years | -                     | -                     |
|                              | <u>7,845</u>          | <u>20,630</u>         |

## ***Man Group Operations Limited***

### **Notes to the Financial Statements**

For the year ended 31 December 2020

#### **17 Leases (continued)**

Movements in the lease liability are as follows:

|                                       | <b>2020</b>  | <b>2019</b>   |
|---------------------------------------|--------------|---------------|
|                                       | <b>\$000</b> | <b>\$000</b>  |
| At the beginning of year              | 17,067       | 286,052       |
| Additions                             | 1,484        | 20,570        |
| Unwind of lease liability discount    | 460          | 7,746         |
| Cash payments                         | (8,393)      | (17,567)      |
| Early exercise of break clause        | (4,092)      | -             |
| Transfer to another group undertaking | -            | (267,607)     |
| Foreign exchange movements            | (13)         | (12,127)      |
| At year-end                           | <u>6,515</u> | <u>17,067</u> |

#### **17.2 The Company as lessor**

In the prior year the Company assigned the leases and sub-leases relating to two of the Group's business premises, including the Company's registered office Riverbank House, to a fellow Group undertaking. Prior to the transfer of the Riverbank House lease in 2019, the Company also acted as lessor, with its sub-leases classified as operating leases under IFRS 16. The Company recognised sub-rental income of \$364,000 in 2020 (2019: \$7,760,000). The 2020 amount was received in relation to additional payments due from one of its sub-tenants following the finalisation of a rent review.

## ***Man Group Operations Limited***

### **Notes to the Financial Statements** **For the year ended 31 December 2020**

#### **18 Fixed Asset Investments**

|   | <b>Other fixed<br/>asset<br/>investments<br/>\$000</b> |
|---|--|
| <b>Cost or valuation</b>                        |  |
| At 1 January 2020                               | 2,741  |
| Disposals                                       | (215)  |
| Revaluation included in Profit and Loss Account | 152  |
| At 31 December 2020                             | <u>2,678</u>   |
| <b>Net book value</b>                           |  |
| At 31 December 2020                             | <u>2,678</u>   |
| At 31 December 2019                             | <u>2,741</u>   |

Amounts included within other fixed asset investments represent market seat memberships which provide the holder with the same rights to an exchange as market seat shares. The fair value of unlisted market seat shares and memberships are determined using the exchanges' internal auction process where the last traded price is used to establish the fair value.

#### **Subsidiary undertakings**

Details of the Company's subsidiaries are provided below. The country of operation is the same as the country of incorporation, the year end is 31 December, and percentage holding represents both the percentage held and voting rights, unless otherwise stated.

The investments in subsidiaries are all stated at cost less provision for impairment (being at cost \$248).

|                            | <b>Registered address</b>                         | <b>Direct or<br/>indirect</b> | <b>Country of<br/>incorporation</b> | <b>Class of<br/>shares</b> | <b>Percentage<br/>holding %</b> |
|----------------------------|---|-------------------------------|-------------------------------------|----------------------------|---------------------------------|
| Man Group Services Limited | Riverbank House, 2 Swan Lane,<br>London, EC4R 3AD | Direct                        | UK                                  | Ordinary                   | 100                             |

## ***Man Group Operations Limited***

### **Notes to the Financial Statements** For the year ended 31 December 2020

#### **19 Debtors**

|                                      | <b>2020</b>    | <b>2019</b>    |
|--------------------------------------|----------------|----------------|
|                                      | <b>\$000</b>   | <b>\$000</b>   |
| <b>Due after more than one year:</b> |                |                |
| Deferred tax asset                   | 5,290          | 7,322          |
|                                      | <u>5,290</u>   | <u>7,322</u>   |
| <b>Due within one year:</b>          |                |                |
| Trade debtors                        | 5,965          | 9,648          |
| Amounts owed by group undertakings   | 96,247         | 92,667         |
| Other debtors                        | 86,705         | 55,848         |
| Prepayments and accrued income       | 19,240         | 16,805         |
| Deferred tax asset                   | 8,743          | 6,867          |
|                                      | <u>216,900</u> | <u>181,835</u> |

Included within Other debtors of \$81,868,000 (2019: \$55,848,000) are amounts of \$72,507,000 (2019: \$45,139,000) owed to the Company in respect of corporation tax, including those which the Company has paid on behalf of fellow group undertakings.

Included within Amounts owed by group undertakings are derivatives held with other group undertakings of \$3,852,000 (2019: \$1,234,000) Refer to Note 27 for further details.

#### **20 Creditors: Amounts falling due within one year**

|                                    | <b>2020</b>    | <b>2019</b>    |
|------------------------------------|----------------|----------------|
|                                    | <b>\$000</b>   | <b>\$000</b>   |
| Trade creditors                    | 5,092          | 2,028          |
| Amounts owed to group undertakings | 1,732          | 358,159        |
| Other taxation and social security | 6,168          | 5,041          |
| Other creditors                    | 1,232          | 2,757          |
| Accruals and deferred income       | 112,968        | 125,769        |
| Lease liabilities                  | 5,181          | 7,232          |
|                                    | <u>132,373</u> | <u>500,986</u> |

Included within Amounts owed to group undertakings are derivatives held with other group undertakings of \$6,000 (2019: \$NIL). Refer to Note 27 for further details.

## ***Man Group Operations Limited***

### **Notes to the Financial Statements** For the year ended 31 December 2020

#### **21 Creditors: Amounts falling due after more than one year**

|                   | 2020         | 2019         |
|-------------------|--------------|--------------|
|                   | \$000        | \$000        |
| Lease liabilities | 1,334        | 9,835        |
|                   | <u>1,334</u> | <u>9,835</u> |

#### **22 Provisions for liabilities**

|                                  | Dilapidation<br>s | Other        | Total        |
|----------------------------------|-------------------|--------------|--------------|
|                                  | \$000             | \$000        | \$000        |
| At 1 January 2020                | 1,401             | 3,488        | 4,889        |
| Used during the year/settlements | -                 | (2,766)      | (2,766)      |
| Unused amounts reversed          | (1,143)           | -            | (1,143)      |
| Additional provisions            | 494               | 3,682        | 4,176        |
| Exchange differences             | (62)              | -            | (62)         |
| At 31 December 2020              | <u>690</u>        | <u>4,404</u> | <u>5,094</u> |

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Dilapidation provisions represent the best estimate of amounts due at the end of each lease to restore the premises to their original condition and include an additional provision of \$494,000 as a result of an increase in the estimate of a data centre dilapidation provision. The unused amount reversed in the year relates to the Group's former business premises in Curzon Street.

Included within Other is a provision for the Company's Research and Development tax credits. The provision will be released and the credit recognised in the Profit and Loss Account if there is no dispute prior to the statute of limitation period expiring.

## ***Man Group Operations Limited***

### **Notes to the Financial Statements** For the year ended 31 December 2020

#### **23 Deferred tax**

Deferred tax is provided as follows:

|   | <b>2020</b>   | <b>2019</b>   |
|---|---------------|---------------|
|   | <b>\$000</b>  | <b>\$000</b>  |
| At beginning of year                    | 14,189        | 16,076        |
| Credited/(charged) to profit or loss    | 639           | (103)         |
| Charged to other comprehensive income   | (1,568)       | (1,878)       |
| (Charged)/credited to equity            | (76)          | 395           |
| Adjustment for adoption of IFRS 16      | -             | 4,684         |
| Movement arising from transfer of trade | 887           | (4,541)       |
| Foreign exchange movement               | (38)          | (444)         |
|   | <u>14,033</u> | <u>14,189</u> |

The deferred tax asset is made up as follows:

|                                | <b>2020</b>   | <b>2019</b>   |
|--------------------------------|---------------|---------------|
|                                | <b>\$000</b>  | <b>\$000</b>  |
| Accelerated capital allowances | 3,903         | 3,630         |
| Share schemes                  | 6,091         | 6,150         |
| Pension surplus                | 3,202         | 3,633         |
| Other temporary differences    | 837           | 776           |
|                                | <u>14,033</u> | <u>14,189</u> |

#### **24 Share capital**

|  | <b>2020</b>  | <b>2019</b>  |
|--|--------------|--------------|
|  | <b>\$000</b> | <b>\$000</b> |
| <b>Allotted, called-up and fully-paid</b>                  |              |              |
| 438,552,200 (2019: 144,652,200) ordinary shares of £1 each | 629,836      | 230,636      |

The Company has one class of ordinary shares which carry no right to fixed income. The sterling share capital was converted into US dollars at the exchange rate ruling at the date of issue, the weighted average rate being \$1.4362 to £1.

During the year, Man Group UK Limited subscribed for 293,900,000 ordinary shares of £1.00 each in the Company for cash consideration of \$399,200,000.

#### **25 Reserves**

##### **Profit and Loss Account**

Included within the Profit and Loss Accounts are Other movements comprising a share-based payments credit of \$6,912,000 (2019: \$8,618,000) offset by total contributions to the Employee Trust of \$NIL (2019: \$11,854,000).

## ***Man Group Operations Limited***

### **Notes to the Financial Statements**

For the year ended 31 December 2020

#### **26 Pension commitments**

##### **Defined contribution schemes**

The Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. Defined contribution pension costs in the year to 31 December 2020 totalled \$7,003,000 (2019: \$5,836,000). The contributions are recognised as other pension costs when they are due.

##### **Defined benefit schemes**

A defined benefit plan creates a financial obligation to provide funding to the pension plan to provide a retired employee with pension benefits usually dependent on one or more factors such as age, years of service and compensation. As with the vast majority of similar arrangements, the Group ultimately underwrites the risks related to the defined benefit plans. These risks include investment risks and demographic risks, such as members living longer than expected.

The defined benefit plan operated in the UK is the Man Group plc Pension Fund (the "UK Plan"). The net assets/liabilities of the UK Plan are incorporated into the Company's Balance Sheet in accordance with IAS 19.

The UK Plan is approved by HMRC for tax purposes, and is operated separately from the Group and managed by an independent set of trustees. The trustees are responsible for payment of the benefits and management of the UK Plan's assets. Under UK regulations, the Group and the trustees of the UK Plan are required to agree a funding strategy and contribution schedule for the UK Plan.

No cash contributions were made to the UK Plan in the year to 31 December 2020. The next actuarial valuation, which has yet to be finalised, will have an effective date of 31 December 2020.

The Company has concluded that it has no requirement to adjust the Balance Sheet to recognise either a current surplus or a minimum funding requirement on the basis that the Company has an unconditional right to a refund of a current or projected future surplus at some point in the future for the UK Plan.

The UK Plan was closed to new members in May 1999, and to future accrual in May 2011. Employed members of the UK Plan retain enhanced benefits, including a link to salary, on their accrued benefits in the UK plan. Future benefits are provided via a defined contribution plan.

Further details of the UK Plan are disclosed on pages 155-158 of the Annual Report of Man Group plc, the ultimate parent company, which are available as disclosed in Note 30 below.

Reconciliation of present value of plan liabilities:

|                              | <b>2020</b>      | <b>2019</b>      |
|------------------------------|------------------|------------------|
|                              | <b>\$000</b>     | <b>\$000</b>     |
| At the beginning of the year | (397,116)        | (352,895)        |
| Interest cost                | (7,948)          | (9,931)          |
| Actuarial losses             | (52,380)         | (41,008)         |
| Benefits paid                | 12,410           | 21,594           |
| Exchange rate movement loss  | (16,030)         | (14,876)         |
| At the end of the year       | <u>(461,064)</u> | <u>(397,116)</u> |



## ***Man Group Operations Limited***

### **Notes to the Financial Statements** For the year ended 31 December 2020

#### **26 Pension commitments (continued)**

Reconciliation of present value of plan assets:

|                              | <b>2020</b>    | <b>2019</b>    |
|------------------------------|----------------|----------------|
|                              | <b>\$000</b>   | <b>\$000</b>   |
| At the beginning of the year | 413,419        | 375,901        |
| Interest income              | 8,280          | 10,599         |
| Actuarial gains              | 37,873         | 33,131         |
| Benefits paid                | (12,410)       | (21,594)       |
| Exchange rate movement gain  | 16,829         | 15,382         |
| At the end of the year       | <u>463,991</u> | <u>413,419</u> |

Composition of plan assets:

|                                  | <b>2020</b>    | <b>2019</b>    |
|----------------------------------|----------------|----------------|
|                                  | <b>\$000</b>   | <b>\$000</b>   |
| Bonds                            | 171,698        | 160,553        |
| Diversified growth funds         | 68,582         | 60,597         |
| Man Alternative Risk Premia fund | 51,125         | 55,989         |
| Liability driven investments     | 134,349        | 110,595        |
| Cash                             | 38,237         | 25,685         |
| Total plan assets                | <u>463,991</u> | <u>413,419</u> |

The UK Plan's investment strategy is broadly split into "growth" and "matching" portfolios. The matching portfolio is invested primarily in government and corporate bonds (the latter through the "Absolute return bonds" holding), and liability driven investment ("LDI") funds. These are primarily intended to match the movement in the UK Plan's funding liabilities, and therefore remove most of the interest rate risk and some of the inflation rate risk (on a Technical Provisions basis).

|                                   | <b>2020</b>  | <b>2019</b>   |
|-----------------------------------|--------------|---------------|
|                                   | <b>\$000</b> | <b>\$000</b>  |
| Fair value of plan assets         | 463,991      | 413,419       |
| Present value of plan liabilities | (461,064)    | (397,116)     |
| Net pension scheme asset          | <u>2,927</u> | <u>16,303</u> |

## ***Man Group Operations Limited***

### **Notes to the Financial Statements**

For the year ended 31 December 2020

#### **26 Pension commitments (continued)**

The amounts recognised in other comprehensive income are as follows:

|   | <b>2020</b>     | <b>2019</b>    |
|---|-----------------|----------------|
|   | <b>\$000</b>    | <b>\$000</b>   |
| - change in financial assumptions                           | (52,662)        | (44,453)       |
| - change in demographic assumptions                         | (1,477)         | 2,935          |
| - experience adjustments on benefit obligations             | 1,759           | 510            |
| - actual return on plan assets less interest on plan assets | 37,873          | 33,131         |
| <b>Total</b>  | <b>(14,507)</b> | <b>(7,877)</b> |

The amounts recognised in profit or loss are as follows:

|   | <b>2020</b>  | <b>2019</b>  |
|---|--------------|--------------|
|   | <b>\$000</b> | <b>\$000</b> |
| Interest on defined benefit pension asset | 332          | 668          |
|   | <b>332</b>   | <b>668</b>   |

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

|                             | <b>2020</b> | <b>2019</b> |
|-----------------------------|-------------|-------------|
|                             | <b>%</b>    | <b>%</b>    |
| Discount rate               | 1.3         | 2.1         |
| Future salary increases     | 3.0         | 3.1         |
| Future pension increases    | 3.6         | 3.6         |
| Deferred pensions increases | 5.0         | 5.0         |
| Inflation assumption        | 3.0         | 3.1         |

At 31 December 2020, mortality rates in the UK Plan are assumed to be in line with 100% of the S2NA Light tables for all members with pensions of more than £50,000 p.a. at 31 December 2019 ("high earners") and S2NA tables for all other members (2019: same as at 31 December 2018). These mortality tables are assumed to be projected by year of birth with allowance for future improvements in longevity in line with the 2019 CMI projections with a long-term rate of improvement of 1.25% p.a. and an initial improvements parameter of 0.5% p.a. for high earners and 0.25% p.a. for all other members (2019: in line with the 2018 CMI projections with a long term rate of improvement of 1.25% p.a.).

## ***Man Group Operations Limited***

### **Notes to the Financial Statements** **For the year ended 31 December 2020**

#### **26 Pension commitments (continued)**

Illustrative life expectancies are set out in the table below based on the S2NA tables.

|  | <b>2020</b> | <b>2019</b> |
|--|-------------|-------------|
| Life expectancy of male aged 60 at accounting date   | 27          | 27          |
| Life expectancy of male aged 60 in 20 years          | 28          | 28          |
| Life expectancy of female aged 60 at accounting date | 29          | 29          |
| Life expectancy of female aged 60 in 20 years        | 31          | 30          |

Sensitivities to changes in assumptions:

The table below illustrates the impact on the assessed value of the benefit obligations from changing the most sensitive actuarial assumptions in isolation.

|  | <b>2020</b>  | <b>2019</b>  |
|--|--------------|--------------|
|  | <b>\$000</b> | <b>\$000</b> |
| Increase in obligation:                      |              |              |
| Discount rate decreased by 0.1% p.a.         | 8,000        | 7,000        |
| Inflation rate increased by 0.1% p.a.        | 2,000        | 2,000        |
| One year increase in assumed life expectancy | 18,000       | 16,000       |

The duration of a pension plan is the average term over which the plan's benefits are expected to fall due, weighted by the present value of each expected benefit payment. The duration of the UK Plan is approximately 17 years (2019: 16 years).

## ***Man Group Operations Limited***

### **Notes to the Financial Statements**

For the year ended 31 December 2020

#### **27 Financial Instruments**

Categories of financial instruments at fair value

|   | <b>2020</b>    | <b>2019</b>     |
|---|----------------|-----------------|
|   | <b>\$000</b>   | <b>\$000</b>    |
| <b>Financial assets at fair value</b>                                       |                |                 |
| Fair value through Profit and Loss (FVTPL) – Derivative Instruments         | 3,852          | 1,234           |
| Fair value through Profit and Loss (FVTPL) – Other Fixed Asset Investments  | <u>2,678</u>   | <u>2,741</u>    |
|   | 6,530          | 3,975           |
| <b>Financial liabilities at fair value</b>                                  |                |                 |
| Fair value through Profit and Loss (FVTPL) – Derivative Instruments         | <u>(6)</u>     | -               |
|   | (6)            | -               |
| <b>Changes in value of financial instruments at fair value for the year</b> |                |                 |
| Credit to the Profit and Loss Account                                       | <u>(2,612)</u> | <u>(13,529)</u> |
|   | (2,612)        | (13,529)        |

#### **28 Post balance sheet events**

The COVID-19 global pandemic has continued to cause extensive disruption to businesses and economic activity. The Company continues to monitor any impacts on the business and has not identified any material adjustments to balances included in these financial statements, nor any material impacts on the business, subsequent to the balance sheet date.

#### **29 Related party transactions**

The Company has taken advantage of the exemption under the provisions of FRS 101 from disclosing transactions with other wholly-owned Group entities since the Company is a wholly-owned subsidiary of Man Group plc, the consolidated financial statements of which are publicly available.

Refer to Note 12 for details of directors' remuneration.

#### **30 Controlling party**

In the opinion of the directors, the Company's ultimate parent company and ultimate controlling party is Man Group plc, a company registered in Jersey. The immediate parent undertaking and controlling party is Man Group UK Limited, a company registered in England and Wales.

The smallest and largest group of undertakings that prepares consolidated accounts of which the Company is a member is Man Group plc. The financial statements of the Company are available from the Company's registered office address.

The group financial statements of Man Group plc are available from 22 Grenville Street, St Helier, Jersey, JE4 8PX.