NINETY ONE UK LIMITED

(formerly Investec Asset Management Limited)

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

(Registration number: 2036094)

NINETY ONE UK LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT FOR THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

The directors of Ninety One UK Limited ("the Company") are responsible for preparing the directors' report, strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 they have been prepared in accordance with IFRSs as adopted by the EU;
• assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
• use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

The directors present their report and the audited financial statements for the year ended 31 March 2020.

Name change
On 16 March 2020, the name of the Company changed from Investec Asset Management Limited to Ninety One UK Limited.

Legal form and domicile
The Company is domiciled in the United Kingdom. On 16 March 2020 the Company changed its principal place of business from Woolgate Exchange, 25 Basinghall Street, London, EC2V 5HA, United Kingdom to 55 Gresham Street, London, EC2V 7EL, United Kingdom.

Share capital
Share capital and share premium are set out in the financial statements. Share premium was reduced during the year by a dividend in specie (refer note 6 to the financial statements).

Disclosure of information to the auditor
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Employee arrangements
The Company is an equal opportunities employer. This means that it is the Company's policy that there should be no unlawful discrimination, harassment or less favourable treatment or victimisation of any employee, job applicant, customer or provider of services either directly or indirectly on any unlawful grounds including on the grounds of:
- race, nationality or ethnic origin;
- sex, gender, gender reassignment, marital, civil partnership or family status;
- disability;
- trade union membership or activity;
- sexual orientation;
- age; and
- religion or religious beliefs.

This applies at all stages of the employment relationship, from interview and appointment, to promotion and reward, to termination.

The Company is committed to providing information to employees and discussing with them any issues of concern. This is done in a variety of ways, including regular staff updates from the chief executive officer, offsites and other team, divisional or cross-divisional meetings, all of which provide opportunities for dialogue between management and employees. Members of the organisational development and the human resources teams are also available for employees to discuss any concerns. The Company has a learning and development function to provide relevant training and development opportunities for both staff and clients. This includes the achievement of professional qualifications. The purpose is to enable employees to successfully fulfil their job responsibilities and meet regulatory requirements.

The Company operates an annual discretionary bonus scheme in which all staff are entitled to participate. For senior employees, part of their bonus may be deferred into funds managed by the firm and for portfolio managers, a portion of their bonus will be deferred into funds managed by them. Employees also have the opportunity to participate in the Ninety One group employee share schemes.

NINETY ONE UK LIMITED
DIRECTORS' REPORT
For the year ended 31 March 2020

Directors
The directors of the Company at year end who, unless otherwise stated, held office throughout the year under review were:

H S Herman	(resigned 29 February 2020)
H J du Toit	(resigned 30 May 2019)
D Ferrini	
Lord Flight	(resigned 30 May 2019)
J C Green	
B Kantor	(resigned 30 May 2019)
I R Kantor	(resigned 30 May 2019)
S Koseff	(resigned 30 May 2019)
K M McFarland	
J T McNab	(appointed 13 August 2019)
R B Saunders	(resigned 30 May 2019)
K Shuenyane	(resigned 30 May 2019)
B Tapnack	(resigned 30 May 2019)
F Titi	(resigned 30 May 2019)

Holding company
On 16 March 2020, the Investec Asset Management business demerged from the Investec plc group and listed publicly under a new name as the Ninety One plc group.
The holding company (and ultimate holding company) before the demerger was Investec plc which is incorporated in England & Wales.
The holding and ultimate holding companies after the demerger are Ninety One Global Limited and Ninety One plc respectively, both companies incorporated in England & Wales.

Events after the reporting date
Refer to note 20 to the financial statements.

By order of the board of directors:

A Dyke
Secretary
3 July 2020

NINETY ONE UK LIMITED
STRATEGIC REPORT
For the year ended 31 March 2020

The Company is an asset manager engaged in the business of managing investment portfolios for clients in the United Kingdom ("UK") and foreign countries.

The principal trading activities are the provision of investment management services to onshore and offshore collective investment schemes and institutional clients, and acting as a procurement agent on behalf of other Ninety One group (formerly Investec Asset Management group) subsidiaries. The Company is authorised and regulated by the Financial Conduct Authority. In addition, the Securities and Exchange Commission regulates the Company's activities in the United States of America.

There are certain inherent risks from pursuing these activities, but the main risk is market price risk as in many cases the revenue derived from the Company's activities is based on the value of assets under management. To some extent, therefore, the revenue received by the Company is dependent on the collective value of the investment portfolios that it manages which is in turn influenced by the progress of global financial markets.

A further key risk facing the business is regulatory risk. This relates to the risk of censure or any other kind of action from a regulatory body that would have a detrimental impact upon the reputation of the Company and might as a result jeopardise its ability to deliver satisfactory levels of profit over the longer term. This is mitigated by the existence of comprehensive internal controls covering all aspects of the Company's business and operations, including a fully staffed international compliance team, based principally in the UK, which reports directly to the board.

Assets under management for the UK and international operations, decreased from £75.9 billion at 31 March 2019 to £70.1 billion at 31 March 2020 determined on a net managed basis.

The results and dividends declared for the current and prior years are set out in the financial statements and require no further comment.

On 11 March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe. The impact of the COVID-19 pandemic on the Company is set out in notes 1 (Significant accounting policies, going concern paragraph) and 20 (Events after the reporting date) to the financial statements.

Both the level of business and the year end financial position are satisfactory, and it is intended that the Company will continue to pursue its current activities for the foreseeable future.

Section 172 statement
The directors are aware of their duty under s172(1) of the Companies Act 2006 to promote the success of the Company for the benefit of its stakeholders, and in doing so had regard, amongst other matters, to:

- the likely consequences of any decisions in the long term
- the interest of its employees
- the need to foster relationships with all of its stakeholders
- the impact of operations on the community and the environment
- the desire to maintain a reputation for high standards of business conduct.

The directors understand that the Company's stakeholders are integral to the success of the Company. The directors conduct stakeholder engagement to aid in the achievement of their strategic objectives. The Company relies on its reputation with its clients for its continued success. The directors prioritise and take a close interest in the Company's ability to deliver consistently for its clients, and to ensure it maintains high standards of ethical conduct. When making decisions, the directors take a long-term view in reaching key decisions, and look to act in the interests of all stakeholders. Decisions taken by the directors during the past two years included those related to the demerger of the Investec Asset Management business from the Investec plc group, and the separate listing of the Ninety One (formerly Investec Asset Management) group. The demerger and separate listing were undertaken to unlock additional value for stakeholders in the long term, and were effectively implemented on 16 March 2020.

By order of the board of directors:

A Dyke
Secretary
3 July 2020

To the members of Ninety One UK Limited

Opinion
We have audited the financial statements of Ninety One UK Limited ("the company") for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:
• give a true and fair view of the state of the company's affairs at 31 March 2020 and of its profit for the year then ended;
• have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
• have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

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

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

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:
• we have not identified material misstatements in the strategic report and the directors' report;
• in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
• in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception
Under the Companies Act 2006, we are required to report to you if, in our opinion:
• adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
• the financial statements are not in agreement with the accounting records and returns; or
• certain disclosures of directors' remuneration specified by law are not made; or
• we have not received all the information and explanations we require for our audit.
We have nothing to report in these respects.

Directors' responsibilities
As explained more fully in their statement set out on page 1, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

The purpose of our audit work and to whom we owe our responsibilities
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Jatin Patel

Jatin Patel (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
3 July 2020

NINETY ONE UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	2020 £'000	2019 £'000
Revenue	2	**281,951**	268,245
Commission expense *		**(4,999)**	(4,868)
Net revenue		**276,952**	263,377
Interest income		**363**	313
Dividend income from subsidiaries		**42,914**	24,511
Investment and administration expenses		**(193,483)**	(195,593)
Foreign exchange gain		**840**	2,224
Interest expense	14	**(2,535)**	-
Fair value adjustment on investments at fair value through profit or loss		**(924)**	1,498
Operating profit		**124,127**	96,330
Exceptional items			
Financial impact of group restructures		**(6,600)**	(848)
Profit from operations before tax	3	**117,527**	95,482
Income tax expense	4	**(13,134)**	(14,624)
Profit from operations after tax		**104,393**	80,858
Other comprehensive income			
Revaluation of pension fund asset	18	**(1,854)**	(2,379)
Deferred tax on revaluation of pension fund asset	8	**354**	404
Deferred tax on share options vested	8	**140**	(2)
Total comprehensive income for the year		**103,033**	78,881

* Commission expense was previously disclosed as part of Investment and administration expenses.

NINETY ONE UK LIMITED
STATEMENT OF FINANCIAL POSITION
At 31 March 2020

	Notes	2020 £'000	2019 £'000
Assets			
Investments in subsidiaries	6	**4,000**	37,259
Property and equipment	7	**13,140**	4,252
Right-of-use assets	14	**67,951**	-
Deferred tax asset	8	**15,965**	14,801
Pension fund asset	18	**-**	180
Total non-current assets		**101,056**	56,492
Trade receivables	19	**35,826**	31,309
Other receivables		**12,500**	6,268
Investments	9	**46,075**	45,526
Cash and cash equivalents	10	**82,742**	113,519
Loan receivable	16	**7,050**	-
Amounts receivable from group companies	16	**8,616**	15,991
Total current assets		**192,809**	212,613
Total assets		**293,865**	269,105
Equity			
Share capital	11	**11,860**	11,860
Share premium		**6,232**	40,810
Retained earnings		**42,248**	45,215
Total equity		**60,340**	97,885
Liabilities			
Lease liabilities	14	**77,125**	-
Pension fund liability	18	**1,759**	-
Other liabilities	12	**23,030**	27,265
Total non-current liabilities		**101,914**	27,265
Other liabilities	12	**29,020**	24,545
Lease liabilities	14	**858**	-
Trade and other payables	13	**95,818**	105,648
Amounts payable to group companies	16	**5,354**	4,175
Income tax payable		**561**	9,587
Total current liabilities		**131,611**	143,955
Total equity and liabilities		**293,865**	269,105

The financial statements were approved by the board of directors on 3 July 2020 and signed on its behalf by:

J C Green
Director

K M McFarland
Director

NINETY ONE UK LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

	Note	**Share capital £'000**	**Share premium £'000**	**Retained earnings £'000**	**Total equity £'000**
2020					
Opening balance		**11,860**	**40,810**	**45,215**	**97,885**
Total comprehensive income for the year				**103,033**	**103,033**
Dividends paid				**(106,000)**	**(106,000)**
Dividend in specie	6		**(34,578)**		**(34,578)**
Closing balance		**11,860**	**6,232**	**42,248**	**60,340**
2019					
Opening balance		11,860	40,810	49,334	102,004
Total comprehensive income for the year				78,881	78,881
Dividends paid				(83,000)	(83,000)
Closing balance		11,860	40,810	45,215	97,885

NINETY ONE UK LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 March 2020

	Notes	2020 £'000	2019 £'000
Cash flows from operating activities			
Profit from operations before tax		**117,527**	95,482
Adjusted for:			
Fair value adjustment on investments at fair value through profit or loss		**924**	(1,498)
Depreciation of property and equipment	7	**515**	319
Depreciation of right-of-use assets	14	**7,419**	-
Net return of pension fund	18	**85**	66
Interest income		**(363)**	(313)
Interest expense	15	**2,535**	-
Foreign exchange gain		**(840)**	(2,224)
Operating profit before working capital changes		**127,802**	91,832
Working capital changes:			
Trade receivables		**(4,517)**	(605)
Other receivables		**(6,232)**	(2,617)
Amounts receivable from group companies		**7,375**	6,844
Foreign exchange gain related to receivables and payables		**840**	2,224
Other liabilities		**240**	(347)
Trade and other payables		**(6,634)**	10,137
Amounts payable to group companies		**1,179**	3,004
Cash flows from operations		**120,053**	110,472
Interest received		**363**	313
Income tax paid		**(22,830)**	(32,429)
Balance at beginning of year		**(9,587)**	(25,939)
Current tax	4	**(13,804)**	(16,077)
Balance at end of year		**561**	9,587
Net cash flows from operating activities		**97,586**	78,356
Cash flows from investing activities			
Net (acquisition)/disposal of investments		**(1,473)**	1,804
Loan advanced	16	**(7,050)**	-
Partial acquisition of subsidiary	6	**(1,319)**	-
Net additions to property and equipment	7	**(9,403)**	(4,065)
Net cash flows from investing activities		**(19,245)**	(2,261)
Cash flows from financing activities			
Cash paid in respect of lease liabilities	15	**(3,118)**	-
Dividends paid		**(106,000)**	(83,000)
Net cash flows from financing activities		**(109,118)**	(83,000)
Net change in cash and cash equivalents		**(30,777)**	(6,905)
Cash and cash equivalents at beginning of year		**113,519**	120,424
Cash and cash equivalents at end of year	10	**82,742**	113,519

1 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements unless otherwise specified.

Basis of preparation

The financial statements have been prepared on a going concern basis, in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs") and the requirements of the Companies Act 2006.

The financial statements are presented in pound sterling, which is the functional currency of the Company, and are prepared on the historical cost basis with the exception of deferred compensation investments and their related deferred compensation liabilities. All financial information presented has been rounded to the nearest thousand pound sterling, unless otherwise indicated.

There were no judgements or estimates made by management in the application of IFRS that have a significant effect on the financial statements. However, the areas that include estimates are related to the valuation of the pension fund liability. The assumptions and their risk factors are presented in note 18. In addition, judgement is involved in determining the incremental borrowing rate for the Lease liabilities as stated in the New standard adopted by the Company paragraph below. Management do not expect a reasonable possible change in assumption to have a material impact in future periods.

Going concern

In preparing the financial statements, the Directors have considered plausible downside scenarios, including the impact of COVID-19. These scenarios consider the impact on the financial performance of the Company, and on its ability to settle obligations as they fall due for a period of at least 12 months from the date of the approval of these financial statements. Based on these scenarios, the Directors conclude that it is appropriate to prepare the financial statements on a going concern basis.

Forthcoming requirements

There are new or revised Accounting Standards and Interpretations in issue that are not yet effective. These include the following amendments to standards that are applicable to the business of the Company:

- Amendments to IAS 1 Presentation of financial statements and IAS 8 Accounting policies, changes in accounting estimates and errors align the wording of the definition of "material" across all IFRSs and the Conceptual Framework for Financial Reporting. These amendments also clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. These amendments are effective for annual periods beginning on or after 1 January 2020, and will be adopted when effective. The impact on the financial statements of these amendments is not expected to be significant.

New standard adopted by the Company

The Company has initially adopted IFRS 16 Leases as from 1 April 2019 ("the date of initial application"). IFRS 16 Leases replaces IAS 17 Leases and sets out the principles for recognition, measurement, presentation and disclosure of leases for lessees and lessors. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. It also introduces additional disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Company has elected to use the modified retrospective approach and therefore has not restated comparative information, as permitted under the specific transitional provisions in the standard.

At the date of initial application, the Company determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates used at the date of initial application. Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payment relating to that lease recognised in the statement of financial position of the Company as at 31 March 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payment was 3.22%. The Company has applied the following practical expedients:

- grandfathering the previous assessment of which existing contracts are, or contain, leases in accordance with IAS 17 Leases; and
- not considering on adoption any initial direct costs in the initial calculation of the right-of-use asset.

The following table reconciles the operating lease commitments as disclosed at the end of the annual reporting period of the Company immediately preceding the date of initial application to the opening balance for lease liabilities recognised at the date of initial application.

	1 April 2019
	£'000
Operating lease commitments at 31 March 2019	103,248
Less: total future interest expenses	(24,644)
Total lease liabilities recognised at 1 April 2019	78,604

The change in accounting policy affected the following items in the statement of financial position on 1 April 2019:
- Right-of-use assets increased by £75,408,294
- Trade and other payables decreased by £3,195,819; and
- Lease liabilities increased by £78,604,113

Consolidated financial statements
The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. All owners of the Company have been informed about, and do not object to, the Company not presenting consolidated financial statements; therefore these financial statements present information about the Company as an individual undertaking and not about its group. The Company is a subsidiary of Ninety One Global Limited, which in turn is a subsidiary of Ninety One plc, a company incorporated in England and Wales. The global Ninety One business comprises Ninety One Limited (a company incorporated in South Africa) and Ninety One plc and their respective subsidiaries and associates. The global Ninety One business is a dual listed company structure ("DLC") on the Johannesburg Stock Exchange and the London Stock Exchange, and prepares consolidated financial statements.

Investments in subsidiary companies
Investments in subsidiary companies are shown at cost less any accumulated impairment losses.

Exceptional items
Exceptional items are defined as income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the Company and therefore are not expected to recur frequently or regularly. The *exceptional item disclosed on the statement of comprehensive income relates to the costs incurred as part of the* demerger and separate listing of the Ninety One group in March 2020.

Revenue
Revenue includes service fees (management fees and performance fees). It excludes value added tax. All components of service fees are revenue from contracts within the scope of IFRS 15 Revenue from contracts with customers.
The Company recognises revenue when or as it satisfies a performance obligation by transferring promised services to customers in an amount to which the Company expects to be entitled in exchange for those services. The Company includes variable considerations in revenue when significant reversal thereof is no longer highly probable. The Company is deemed to be the principal in its contracts with customers because the Company controls the promised services before they are transferred to customers, and accordingly presents the revenue gross of related costs.
The performance obligation for service fees is the provision of investment management services. The performance obligation is satisfied and management fees are recognised over time as services are rendered. In the case of performance fees, revenue is only calculated and recognised on the crystallisation date.
Management fees and performance fees are both forms of variable consideration, however, there is no significant judgement or estimation involved as the transaction price is equal to the amount determined at the end of each measurement period or on the crystallisation date and is equal to the amount billed to the customer as per contractual agreements.
The Company uses the output method to recognise revenue, applying the practical expedient that allows an entity to recognise revenue in the amount to which the entity has a right to invoice if that consideration corresponds directly with the value to the customer of the entity's performance completed to date.

Commission expenses
Commission and similar expenses payable to intermediaries are recognised when services are provided.

Other income
Interest income is recognised on an accrual basis using the effective interest method (in accordance with the requirements of IFRS 9 Financial instruments). Dividend income from subsidiaries is recognised when the Company becomes entitled to receive the dividend (in accordance with the requirements of IFRS 9 Financial instruments).

Leases
The Company leases offices for business purposes. Lease terms are negotiated on an individual basis and contain different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.
Leases are recognised as a right-of-use asset with a corresponding liability at the date which the leased asset is available for use by the Company. Assets and liabilities arising from a lease are initially measured on a present value basis.
Lease liabilities include the net present value of lease payments. The lease payments are discounted using the Company's incremental borrowing rate, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liabilities
- any lease payment made at or before the commencement date less any lease incentives
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the lease term on a straight line basis. Payments associated with short-term leases are recognised on a straight line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Prior to the adoption of IFRS 16 Leases, operating lease expenses were recognised on a straight line basis over the period of the lease in accordance with the requirements of IAS 17 Leases.

Property and equipment
Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided for on a straight line basis over the estimated useful lives of property and equipment as follows:

Computer equipment	3 years
Fixtures and fittings	5 years
Leasehold improvements	Shorter of term of lease or useful economic life

The residual values, depreciation methods and useful lives are reassessed annually.

Income tax
Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.
Deferred tax is provided using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.
A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are reflected as a net amount in the statement of financial position.

Financial instruments
Recognition and de-recognition of financial instruments
Financial instruments are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the particular instrument. On initial recognition, financial assets are measured at fair value plus, for financial assets not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets. Initial recognition of financial liabilities is at fair value less directly attributable transaction costs. Financial assets are de-recognised when, and only when, the Company transfers substantially all risks and rewards of ownership. Financial liabilities are de-recognised when, and only when, the obligations under the contract are discharged, cancelled or expire.

Classification and measurement of financial instruments
The classification of financial assets is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Investments at fair value through profit or loss
Investments at fair value through profit or loss consist of holdings in pooled vehicles as part of the deferred compensation plan (explained further below). These investments are initially recognised at fair value and subsequently measured at fair value through profit or loss. Fair value is deemed to be the quoted net asset value per unit as reported by the managers of such investments.

Financial assets measured at amortised cost
Trade receivables, cash and cash equivalents, loan receivable and amounts receivable from group companies are measured at amortised cost using the effective interest method, less any impairment losses determined using the expected credit loss ("ECL") model. Receivables with a short duration are not discounted.

Impairment of financial assets measured at amortised cost
In measuring expected credit losses ("ECLs"), the Company takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.
The ECL loss amount depends on the specific stage that the financial instrument has been allocated to within the ECL model which depends on whether there has been a significant increase in credit risk since initial recognition of the financial instrument, it is in default, or is considered to be credit impaired. Impairment loss allowances are measured on either i) 12-month ECLs: that result from possible default events within the 12 months after the reporting date; or ii) Lifetime ECLs: that result from all possible default events over the expected life of a financial instrument. The Company considers a financial asset to be in default when: i) the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or ii) the financial asset is more than 90 days past due without reasonable expectation of recovery.

Financial liabilities
Financial liabilities comprise other liabilities, lease liabilities, trade and other payables and amounts payable to group companies. All financial liabilities, excluding deferred compensation, are measured at amortised cost using the effective interest method. Deferred compensation liabilities are held at fair value with movements in fair value recognised in the statement of comprehensive income.

Foreign currencies
Transactions in foreign currencies are recorded at the rate of exchange ruling at the transaction date. Financial assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Gains and losses arising on translation are credited to or charged against profit or loss.

Impairment
The carrying amounts of the Company's other non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. At the reporting date, there was no indication of impairment of any other non-financial assets.

Pension schemes
The Company operates two non-contributory defined contribution schemes, Investec Defined Contribution Scheme and The Executive Directors' Pension Scheme. The assets of each scheme are held separately from those of the Company in independently administered funds. The amount charged to the statement of comprehensive income represents the contributions payable to the schemes in respect of the accounting period. The Company also operates a pension scheme providing benefits based on final pensionable pay, Investec Asset Management Pension Scheme. The assets of the scheme are held separately from those of the Company. Contributions to the scheme are charged to the statement of comprehensive income so as to spread the cost of pensions over employees' working lives in accordance with the recommendations of the actuary. The full value of any net liability is recognised in the statement of financial position. Pension assets are only recognised in the statement of financial position if they are available to the Company as refunds or future reductions in contributions.

Share-based payment arrangements
The Ninety One group and the Investec group operate share option schemes involving share options in Ninety One Limited and Ninety One plc, and Investec Limited and Investec plc respectively. The share option schemes, which are on an equity settled basis, allow the Company's employees to acquire shares of Ninety One plc and Investec plc respectively. The fair value of options granted attributable to the Company is recognised as an expense with a corresponding payment to the issuing companies for this expense, over the service vesting period during which the employees become unconditionally entitled to the options. Following the demerger of the Ninety One (formerly Investec Asset Management) business from the Investec group, awards over Ninety One plc shares continue to be recognised in terms of IFRS 2 Share-based payments, while awards over Investec plc shares are accounted for as employee benefits within the scope of IAS 19 Employee benefits (refer note 17).

Long-term employee benefits
The Company's obligation in respect of long-term employee benefits other than retirement benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. This future benefit relates to deferred compensation provided by the Company to its employees, which the Company invests in pooled vehicles managed by affiliates of the Company. At the end of the specified vesting period, employees are entitled to an amount equal to the value of the investments held by the Company. It is management's view that the most relevant measure of the employee benefit liability is therefore the fair value of the investments held by the Company. The investments do not qualify as plan assets and are presented separately in the statement of financial position. The accounting policy for investments designated at fair value addresses the accounting treatment of these investments. As the substance of the scheme is that of an annual bonus award, the charge is booked in full in profit or loss at the time of the award. The exception to this is in respect of buyout deferred awards which are not in substance like a bonus. These are expensed in profit or loss over the vesting period in accordance with IAS 19 Employee benefits.

		2020	2019
		£'000	£'000
2	**Revenue**		
	comprises:		
	Management fees	**280,090**	267,780
	Performance fees	**1,861**	465
		281,951	268,245
3	**Profit from operations before tax**		
	is arrived at after taking into account:		
	Personnel expenses	**136,775**	141,156
4	**Income tax expense**		
	Current tax - current year	**13,971**	16,146
	Current tax - adjustment for prior years	**(167)**	(69)
		13,804	16,077
	Deferred tax - current year	**787**	(2,007)
	Deferred tax - adjustment for prior years	**(311)**	118
	Deferred tax - change in corporate tax rate	**(1,146)**	436
		(670)	(1,453)
		13,134	14,624
	Reconciliation of effective tax rate	**%**	%
	Effective rate of taxation	**11.2**	15.3
	Expenses not deductible for tax purposes	**(0.1)**	(0.2)
	Other adjustments - R&D claims	**0.4**	-
	Exempt income	**6.9**	4.9
	Effect of differences in overseas tax rates	**(0.8)**	(0.5)
	Effect of change in deferred tax rates	**1.0**	(0.4)
	Adjustment to tax charge in respect of prior year	**0.4**	(0.1)
	United Kingdom standard tax rate	**19.0**	19.0
		£'000	£'000
5	**Information regarding directors and employees**		
	Directors' remuneration:		
	Emoluments (including benefits in kind)	**5,221**	4,531
	Pension contributions	**27**	11
	Share based payments	**42**	-
		5,290	4,542
	Highest paid director:		
	Emoluments (including benefits in kind)	**3,876**	1,844
	Pension contributions	**27**	-
		3,903	1,844

The above directors' remuneration reflects the proportion of the total emoluments for directors who were accounted for and paid by the Ninety One group to directors of Ninety One UK Limited which relates to their services to the Company. The emoluments have been allocated on a time apportionment basis across the companies for which each was a director.

	2020 £'000	2019 £'000
Employee costs, including directors, during the year:		
Emoluments (including benefits in kind)	**116,971**	121,732
Social security costs	**15,862**	15,907
Pension contributions	**3,942**	3,517
	136,775	141,156

The average number of persons employed by the Company, including directors, during the year was 443 (2019: 439).

6 Investments in subsidiaries

	2020	2019
Opening balance	**37,259**	37,259
Addition - Investec Asset Management Luxembourg S.A.	**1,319**	-
Disposal - dividend in specie	**(34,578)**	-
Investec Asset Management Guernsey Limited	**(24,504)**	-
Investec Asset Management North America, Inc.	**(3,815)**	-
Investec Asset Management Luxembourg S.A.	**(6,246)**	-
Investec Asset Management Switzerland GmbH	**(13)**	-
Closing balance	**4,000**	37,259

The subsidiaries at cost less impairment at year end, are as follows:

Name of company	**Country of incorporation**	2020	2019
Investec Asset Management Guernsey Limited *	Guernsey	-	24,504
Investec Fund Managers Limited	England & Wales	**4,000**	4,000
Investec Asset Management North America, Inc. *	Delaware, US	-	3,815
Investec Asset Management Luxembourg S.A. *	Luxembourg	-	4,927
Investec Asset Management Switzerland GmbH *	Switzerland	-	13
		4,000	37,259

* Disposed of at cost as dividend in specie (out of share premium) to holding company Ninety One Global Limited.
The Company holds 100% of the voting rights of its subsidiary.

7 Property and equipment

	Leasehold improvements £'000	**Computer equipment £'000**	**Fixtures and fittings £'000**	**Total £'000**
2020				
Cost				
Opening balance	**3,767**	**5,581**	**-**	**9,348**
Additions	**8,545**	**858**	**-**	**9,403**
Disposals	**-**	**(3,811)**	**-**	**(3,811)**
Closing balance	**12,312**	**2,628**	**-**	**14,940**
Accumulated depreciation				
Opening balance	**(119)**	**(4,977)**	**-**	**(5,096)**
Depreciation	**(22)**	**(493)**	**-**	**(515)**
Disposals	**-**	**3,811**	**-**	**3,811**
Closing balance	**(141)**	**(1,659)**	**-**	**(1,800)**
Closing net book value	**12,171**	**969**	**-**	**13,140**

	Leasehold improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
2019				
Cost				
Opening balance	115	5,048	178	5,341
Additions	3,652	533	-	4,185
Disposals	-	-	(178)	(178)
Closing balance	3,767	5,581	-	9,348
Accumulated depreciation				
Opening balance	(115)	(4,662)	(58)	(4,835)
Depreciation	(4)	(315)	-	(319)
Disposals	-	-	58	58
Closing balance	(119)	(4,977)	-	(5,096)
Closing net book value	3,648	604	-	4,252

	2020 £'000	2019 £'000
8 Deferred tax asset		
Accelerated capital allowances	**392**	565
Employee incentive scheme	**602**	91
Deferred compensation payments	**14,542**	14,176
Pension fund	**334**	(31)
Donation	**95**	-
	15,965	14,801
Opening balance	**14,801**	12,946
Deferred tax charge to profit from operations (note 4)	**670**	1,453
Deferred tax charge to other comprehensive income:		
Deferred tax on revaluation of pension fund asset	**354**	404
Deferred tax on share options vested	**140**	(2)
Closing balance	**15,965**	14,801
9 Investments		
Deferred compensation investments	**46,075**	45,526
10 Cash and cash equivalents		
Cash on hand	**1**	1
Current account (Citibank: A+ rated)	**65,838**	15,981
Investec Global Strategy Fund - Sterling Money Fund (AAAf rated)	**16,903**	97,537
	82,742	113,519
11 Share capital		
Issued and fully paid		
1,000,000 ordinary shares of £11.86 each (2019: 1,000,000 ordinary shares of £11.86 each)	**11,860**	11,860

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

	2020 £'000	2019 £'000
12 Other liabilities		
Non-current deferred compensation liabilities	**23,030**	27,265
Current deferred compensation liabilities	**29,020**	24,545
	52,050	51,810

The above liabilities include employer's National Insurance.

13 Trade and other payables		
Employee related payables	**87,603**	91,957
Trade payables	**8,215**	13,691
	95,818	105,648

14 Leases

At the reporting date the Company has operating lease contracts for its office space that expire in June 2020 and April 2034.

Amounts recognised in the statement of financial position

Right-of-use assets		
Office premises	**67,951**	-

There were no additions to right-of-use assets during the year.

Lease liabilities		
Current	**858**	-
Non-current	**77,125**	-
Total lease liabilities	**77,983**	-

Remaining contractual maturities of the Company's lease liabilities at year end:

	2020 £'000	
	Present value of minimum lease payments	**Total minimum lease payments**
Within one year	**858**	**858**
Between one and five years	**13,969**	**26,333**
Over five years	**63,156**	**72,892**
	77,983	**100,083**

	2020 £'000	2019 £'000
Amounts recognised in the statement of comprehensive income		
Depreciation charge of right-of-use assets	**7,419**	-
Interest expense on lease liabilities	**2,535**	-

For the previous reporting period, commitments for minimum lease payments in relation to non-cancellable operating leases were payable as follows:

Within one year	5,516
Between one and five years	19,746
Over five years	77,986
	103,248

15 Notes to the statement of cash flows

Reconciliation of liabilities arising from financing activities

Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities. The table below details changes in the Company's lease liabilities (its only liabilities from financing activities), including both cash and non-cash changes.

	2020	2019
	£'000	£'000
Opening balance	**-**	-
- Impact of initial application of IFRS16	**78,604**	-
- Cash paid in respect of lease liabilities	**(3,118)**	-
- Other non-cash movements:	**2,497**	-
Foreign exchange adjustments	**(38)**	-
Interest expense	**2,535**	-
Closing balance	**77,983**	-

16 Related parties

Identity of related parties

On 16 March 2020, the Investec Asset Management business demerged from the Investec plc group and listed publicly under a new name as the Ninety One plc group.

The holding company (and ultimate holding company) before the demerger was Investec plc.

The holding and ultimate holding companies after the demerger are Ninety One Global Limited and Ninety One plc respectively.

After the demerger, Investec plc retained a 25% ownership share of the Ninety One plc group.

Before the demerger, the Company had a related party relationship with companies in the Investec Limited group, Investec plc group and with its directors.

After the demerger, the Company has a related party relationship with companies in the Investec Limited group, Investec plc group, Ninety One Limited group, Ninety One plc group and with its directors.

Transactions with key management personnel

Directors are considered to be the only key management personnel. Compensation paid to directors is disclosed in note 5.

Transactions with the former holding company

There were no transactions with the former holding company (Investec plc) other than dividends paid of £85,092,000 (2019: £68,890,000).

Transactions with the current holding company

On 16 March 2020, the Company disposed of subsidiaries to its holding company by way of a dividend in specie (refer note 6 and statement of changes in equity).

	2020	2019
	£'000	£'000
Transactions with the current ultimate holding company		
Administration fee expense	**(710)**	-

	2020 £'000	2019 £'000
Transactions with fellow subsidiaries *		
Service fees	**139,395**	132,488
Investment and administration expenses (net recovered)	**5,114**	8,174
Balances with related parties		
Loan receivable °	**7,050**	-
Amount payable to ultimate holding company ^	**(2,954)**	-
Amounts receivable from fellow subsidiaries * ^	**8,616**	15,991
Amounts payable to fellow subsidiaries * ^	**(2,400)**	(4,175)

° On 16 March 2020 the Company entered into a loan agreement with Ninety One plc to cover the initial funding of the Ninety One plc group share plans (refer note 17). The loan is repayable in 12 months from the date of the agreement and interest is charged at 2.75 percent above LIBOR at the time of the advance per annum. Interest income earned on this loan for the year ended 31 March 2020 was £9,146.

^ Amounts outstanding are unsecured, interest free, due on demand and will be settled through the normal operations of the Company.

* With the exception of Investec Bank plc, fellow subsidiaries with which the Company had transactions and balances before the demerger remain fellow subsidiaries after the demerger. Investec Bank plc is no longer a fellow subsidiary after the demerger, but remains a related party. Included in amounts payable to fellow subidiaries at 31 March 2019 is £241,395 payable to Investec Bank plc. The balance with Investec Bank plc at 31 March 2020 of £148,015 is included in trade payables (note 13).

17 Share-based payments

Charges related to share-based payments for each share-based payment arrangement are set out below:

	2020	2019
Ninety One plc LTIP (note 17(a))	**2,654**	-
Ninety One SIP (note 17(b))	**13**	-
Investec Share Plans (note 17(c))	**299**	613
Expense charged to statement of comprehensive income: Equity settled	**2,966**	613

Details of each share-based payment arrangement are presented below.

Arrangements after the demerger

The Ninety One group established two new long term incentive plans and a UK tax advantaged share incentive plan with effect from listing date. These are the Ninety One plc Long-Term Incentive Plan 2020 ("Ninety One plc LTIP"), the Ninety One Limited Long-Term Incentive Plan 2020 ("Ninety One Limited LTIP") and the Ninety One Shares Incentive Plan 2020 ("Ninety One SIP") (collectively known as the "Ninety One Share Plans"). Awards under these Ninety One Share Plans are accounted for as equity-settled share-based payments. The fair value of the awards granted is recognised as an expense over the appropriate performance and vesting period.

a) Ninety One plc LTIP

Employees of the Company are eligible to participate in the Ninety One plc LTIP. Awards are made at the discretion of the Ninety One group's Human Capital and Remuneration Committee and may be granted in the form of options, forfeitable shares or conditional awards. Awards granted under the Ninety One plc LTIP are over shares in Ninety One plc. The awards granted in the year ended 31 March 2020 took the form of forfeitable shares or conditional awards.

	2020 Number of ordinary shares	2019 Number of ordinary shares
Outstanding at beginning of year	**-**	-
Granted during the year	**2,767,282**	-
Outstanding at end of year	**2,767,282**	-

The weighted average fair value of shares granted under this plan is £1.53 per share. Fair value is equal to the market value of the shares at grant date.

b) Ninety One SIP

The Ninety One SIP is an all-employee share plan. Free share awards (over approximately £2,000 worth of shares in Ninety One plc) were made under the Ninety One SIP. All employees of the Company on listing received listing awards as free share awards under the Ninety One SIP. The Ninety One SIP may be used as an employee share purchase plan in the future. Under the terms of this plan, employees may contribute from pre-tax salary up to the maximum amount permitted under legislation in any tax year, to be used to acquire shares in the Ninety One group at the market price on the relevant date. The free share awards granted in the year ended 31 March 2020 will be subject to a three year holding period starting from the grant date.

	2020 Number of ordinary shares	2019 Number of ordinary shares
Outstanding at beginning of year	**-**	-
Granted during the year	**594,900**	-
Outstanding at end of year	**594,900**	-

The weighted average fair value of shares granted under this plan is £1.51 per share. Fair value is equal to the market value of the shares at grant date.

c) Arrangements before the demerger

The Investec group operates a share option scheme involving share options in Investec Limited and Investec plc (the "Investec Share Plans"). The Investec Share Plans, which are on an equity settled basis, allow the Company's employees to acquire shares of Investec plc ("Investec Ordinary Shares") prior to the demerger. Following the demerger, share awards outstanding at the date of demerger under the Investec Share Plans continue on their vesting schedule, modified such that the awards are over a combination of Investec Ordinary Shares and ordinary shares of the Ninety One group ("Ninety One Ordinary Shares"), in the same ratio as received by the holders of Investec Ordinary Shares on the listing date of the Ninety One group (one Ninety One share for every two Investec shares). As a result of this arrangement, the obligation of settling both Investec Ordinary Shares and ordinary shares of the Ninety One group remains with Investec. Investec continues to recharge the expenses arising from these share-based payments related to the Company's employees until all the options are vested. As the changes to the Investec Share Plans are not beneficial to the employees of the Company, these changes do not result in accounting for modifications to share-based payment arrangements under IFRS 2 Share-based payments. Awards over Ninety One Ordinary Shares continue to be accounted for as equity-settled share-based payments within the scope of IFRS 2. Awards over Investec Ordinary Shares are accounted for as employee benefits within the scope of IAS 19 Employee benefits. Details of the awards under the Investec Share Plans are set out below:

Investec Share Plans - Investec Ordinary Shares

Details of options outstanding during the year:

	2020		2019	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
Outstanding at start of the year	**269,822**	**£ -**	269,161	£ -
Relocation of employees during the year	**750**	**£ -**	1,068	£ -
Granted during the year	**890,471**	**£ -**	103,720	£ -
Exercised during the year	**(50,815)**	**£ -**	(92,175)	£ -
Lapsed during the year	**(28,066)**	**£ -**	(11,952)	£ -
Outstanding at end of the year	**1,082,162**	**£ -**	269,822	£ -
Exercisable at end of year	**2,290**	**£ -**	3,860	£ -

The exercise price range and weighted average remaining contractual life for share options outstanding at year end were as follows:

	2020	2019
Exercise price range	£ -	£ -
Weighted average remaining contractual life	4.21 years	2.27 years

	£'000	£'000
Fair value of share options at grant date, granted in the year	2,766	580

The fair values of shares options granted were calculated at market price of the shares. Additional information relating to share options granted is as follows:

- Share price at date of grant	£4.38 - £4.79	£5.59
- Exercise price	£ -	£ -
- Option life	7 - 7.25 years	4.75 years

Investec Share Plans - Ninety One Ordinary Shares

Details of options outstanding during the year:

	2020		2019	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at start of the year	-	£ -	-	£ -
Demerger awards	531,924	£ -	-	£ -
Exercised during the year	(824)	£ -	-	£ -
Outstanding at end of the year	531,100	£ -	-	£ -
Exercisable at end of year	1,150	£ -	-	£ -

The exercise price range and weighted average remaining contractual life for share options outstanding at year end were as follows:

	2020	2019
Exercise price range	£ -	n/a
Weighted average remaining contractual life	4.21 years	n/a

18 Pension costs

Defined benefit schemes

The Company participates in the Investec Asset Management Pension Scheme (the "Scheme"), which is a closed defined benefit scheme. The Scheme is a registered defined benefit final salary scheme subject to the UK regulatory framework for pensions and is administered by the trustees with their assets held separately from those of the Company. The trustees are required by the Trust Deed to act in the best interest of the scheme participants. The Scheme was funded by contributions from the Company in accordance with an independent actuary's recommendation based on actuarial valuations. The latest independent actuarial valuations of the Scheme were at 31 March 2020 by qualified independent actuaries. There is no restriction to the amount of surplus that can be recognised as the Company has the right to a refund of the surpluses assuming the gradual settlement of the Scheme over time until all members have left the Scheme. The Scheme exposes the Company to actuarial risks, such as interest rate risk, investment risk and longevity risk.

	2020 £'000	2019 £'000
The pension fund (obligation)/asset in respect of the Scheme is as follows:		
Investec Diversified Growth Fund	7,502	8,893
Investec Cautious Managed Fund	6,871	8,712
Trustees bank account	53	185
Total fair value of plan assets	14,426	17,790
Present value of obligation	(16,185)	(17,610)
Pension fund (obligation)/asset recognised in the statement of financial position	(1,759)	180

Investec Diversified Growth Fund and Investec Cautious Managed Fund are managed funds which invest primarily in a globally diversified portfolio of assets, mainly consisting of global equities, bonds issued by governments, physical gold and silver bullion and money market instruments. The funds are quoted in an active market and their underlying investments are either level 1 or level 2 investments.

	2020 £'000	2019 £'000
Movements in plan assets:		
Plan assets at the beginning of the year	**17,790**	18,733
Benefits paid including expenses	**(1,314)**	(609)
Interest income	**415**	486
Return on plan assets, excluding interest income	**(2,465)**	(820)
Plan assets at the end of the year	**14,426**	17,790
Movements in the present value of the defined benefit obligation:		
Obligations at the beginning of the year	**17,610**	16,108
Actuarial losses/(gains) arising from changes in demographic	**42**	(290)
Actuarial (gains)/losses arising from changes in financial assumptions	**(653)**	1,847
Benefits paid including expenses	**(1,314)**	(609)
Interest cost	**412**	420
Administration costs	**88**	134
Obligations at the end of the year	**16,185**	17,610
Amounts recognised in the statement of comprehensive income are as follows:		
Net return recognised in profit before tax	**85**	66
Revaluation of pension fund obligation recognised in other comprehensive income	**(1,854)**	(2,379)
Actuarial gains/(losses) on defined benefit obligation	**611**	(1,559)
Return on plan assets, excluding interest income	**(2,465)**	(820)
Total defined benefit cost	**(1,769)**	(2,313)

	%	%
The major assumptions used were:		
Inflation assumption	**2.6%**	3.3%
Rate of increase in pensions in payment for post 1997 service	**2.6%**	3.3%
Rate of increase in pensionable salaries	**2.6%**	3.3%
Discount rate	**2.3%**	2.4%

The defined benefit obligations are not expected to be materially different as a result of a 0.25% change in the above major assumptions. This sensitivity assessment is based on the assumption that changes in actuarial assumptions are not correlated and therefore it does not take into account the correlations between the actuarial assumptions.

19 Financial instruments

Financial risk management

The Company has exposure to credit risk, liquidity risk and market risk from its financial instruments.

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing risk.

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Ninety One (formerly Investec Asset Management) Management Risk Committee, which is responsible for developing and monitoring the Company's risk management policies, reports quarterly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Management Risk Committee meets once every two months and risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Ninety One DLC Audit and Risk Committee (formerly the Investec Asset Management Global Audit Committee) oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Ninety One DLC Audit and Risk Committee receives updates from Internal Audit, the Management Risk Committee and the Management Audit Committee. Material risks are appropriately escalated to the Ninety One DLC Audit and Risk Committee, and all levels of risk are regularly and formally evaluated. The Management Risk Committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Management Audit Committee reviews and oversees financial, audit and tax-related matters. Internal Audit undertakes both regular and ad hoc reviews of the governance framework, risk management and control environment, the results of which are reported to the Management Audit Committee, as well as the DLC Audit and Risk Committee.

Credit risk

Credit risk is the risk of financial loss to the Company if a client or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's financial assets measured at amortised cost. The maximum exposure to credit risk is represented by the carrying value of financial assets measured at amortised cost.

Trade receivables: Outstanding balances are aged monthly and long outstanding balances are actively followed up. The ageing of trade receivables at year end was:

	2020	2019
	£'000	£'000
Less than 30 days	**32,958**	28,951
Between 30 and 60 days	**445**	829
More than 60 days	**2,423**	1,529
	35,826	31,309

Cash and cash equivalents: Reputable financial institutions are used for investing and cash handling purposes.

Amounts receivable from group companies and loan receivable: In the context of the regulatory environments in which Ninety One group companies operate, the credit risk related to amounts receivable from group companies and loan receivable is not considered to be significant.

Expected credit loss

The Company determines the provision for ECLs by grouping together financial assets at amortised cost with similar credit risks and collectively assessing them for the likelihood of recovery, taking into account prevailing economic conditions. Expected loss rates are based on historical credit loss experience over the past 10 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the assets. No allowance has been provided for in the current year as the result of the ECL assessment showed no significant impact.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. The maximum exposure to liquidity risk is represented by current financial liabilities. With the exception of lease liabilities, current financial liabilities are contractually due on demand, unsecured and interest free. The remaining contractual maturity of lease liabilities is disclosed in note 14.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Currency risk: The Company is exposed to currency risk on portions of its trade receivables, amounts payable to group companies, cash and cash equivalents and trade payables. Outstanding amounts are regularly monitored and settled to mitigate currency exposures. At year end, exposure to currency risk was £27,381,230 (2019: £27,094,630).

Interest rate risk: The Company adopts a policy of ensuring that its exposure to changes in interest rates is on a floating rate basis as virtually all such exposures are short term in nature. At year end, the Company's interest-bearing financial instruments were cash and cash equivalents and loan receivable, which are variable rate instruments.

Price risk: As the Company's deferred compensation investments are matched by the liability the Company has to its employees for the value of these investments, there is no impact to the statement of comprehensive income for changes in the values of these investments.

Cash flow sensitivity analysis for variable rate instruments:

Currency:

At year end, if the pound sterling had strengthened by 10%, profit before tax would have decreased by: £2,738,123 (2019: £2,709,463). A 10% weakening would have had the equal but opposite effect.

Interest rate:

An increase of 10 basis points in interest rates at year end would have increased profit before tax by: £82,742 (2019: £113,519). A decrease of 10 basis points in interest rates at year end would have had the equal but opposite effect. This assumes that all other variables remain constant and the year end balance has been constant throughout the year. The analysis is performed on the same basis for the prior year.

Capital management

The capital of the Company is considered to be its total equity less investment in subsidiaries, deferred tax assets and the pension fund asset. The Company's policy is to retain sufficient capital on hand to meet the external minimum capital requirements of regulatory authorities, as these are considered relevant levels. The Company has complied with these requirements throughout the year. Surplus capital is returned to shareholders on a regular basis. There were no changes in the Company's approach to capital management during the year.

Fair values

The fair values of all financial instruments are substantially similar to carrying values reflected in the statement of financial position as they are short term in nature, subject to variable, market related interest rates or stated at fair value in the statement of financial position. The fair values of deferred compensation investments and their related deferred compensation liabilities are determined using quoted market prices (IFRS 13 level 1 valuation). There are no investments requiring IFRS 13 level 2 or level 3 disclosure in terms of the fair value hierarchy.

20 Events after the reporting date

The financial statements reflect the impact of the COVID-19 pandemic up to the end of the reporting period. In the second quarter of 2020, the ongoing COVID-19 pandemic has led to disruption to business and economic activity which has been reflected in recent fluctuations in global stock markets. The Directors consider the continued spread of COVID-19 to be a non-adjusting event after the reporting date.