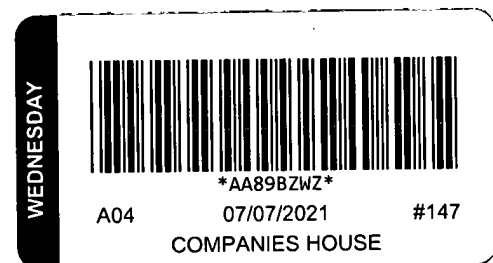


**NINETY ONE UK LIMITED**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2021**

**(Registration number: 2036094)**



**NINETY ONE UK LIMITED**

**DIRECTORS' RESPONSIBILITY STATEMENT FOR THE FINANCIAL STATEMENTS**

For the year ended 31 March 2021

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 international accounting standards in conformity with the requirements of the Companies Act 2006.

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, relevant and reliable;
- state whether they have been prepared in accordance international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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.

## **NINETY ONE UK LIMITED**

### **DIRECTORS' REPORT**

For the year ended 31 March 2021

The directors present their report and the audited financial statements for the year ended 31 March 2021.

#### **Legal form and domicile**

The Company is domiciled in the United Kingdom and its principal place of business is 55 Gresham Street, London, EC2V 7EL, United Kingdom.

#### **Share capital**

Share capital and share premium are set out in 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.

#### **Directors**

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

D Ferrini	(cessation 05 May 2021)
J C Green	
K M McFarland	
J T McNab	
N A S Smith	(appointed 1 March 2021)

#### **Holding company**

The holding and ultimate holding companies 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



17 June 2021

## **NINETY ONE UK LIMITED**

### **STRATEGIC REPORT**

For the year ended 31 March 2021

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 subsidiaries. The Company is authorised and regulated by the Financial Conduct Authority.

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.

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

The current financial year ended with the COVID-19 pandemic continuing to spread across the globe. New strains of the virus have been identified, however, vaccines have been developed and are being rolled out globally to slow the spread. The impact of the COVID-19 pandemic on the Company is set out in note 1, Significant accounting policies (going concern paragraph).

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, being its clients, people and shareholder, 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.

Details of engagements with stakeholders by the Ninety One group board are disclosed in the Strategic Report to the Ninety One Intergated Annual Report 2021, which can be found at:

<https://ninetyone.com/en/investor-relations>

By order of the board of directors:



A Dyke  
Secretary  
17 June 2021

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**NINETY ONE UK LIMITED**  
**INDEPENDENT AUDITOR'S REPORT**  
For the year ended 31 March 2021

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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 2021 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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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").

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.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the company will continue in operation.

**Fraud and breaches of laws and regulations – ability to detect**

*Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the Ninety One DLC group audit and risk committee, internal audit and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, Ninety One DLC group audit and risk, and remuneration committee minutes.
- Considering remuneration incentive schemes and performance targets or management.
- Using analytical procedures to identify any unusual or unexpected relationships.

**NINETY ONE UK LIMITED**  
**INDEPENDENT AUDITOR'S REPORT**  
For the year ended 31 March 2021

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We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls. On this audit we do not believe there is a fraud risk related to revenue recognition because the calculation of the revenue is non-judgmental and straightforward, with limited opportunity for manipulation. We did not identify any additional fraud risks.

We also performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included all post year end closing journals.

*Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's authority to operate. We identified the following areas as those most likely to have such an effect: anti-bribery, employment law, data protection, anti-money laundering, market abuse regulations and financial services regulations including Client Assets, and specific areas of regulatory capital and liquidity and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

*Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

**NINETY ONE UK LIMITED**  
**INDEPENDENT AUDITOR'S REPORT**  
For the year ended 31 March 2021

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**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
- 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](http://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  
17 June 2021

**NINETY ONE UK LIMITED****STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 March 2021

	<i>Notes</i>	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Revenue	2	268,179	281,951
Commission expense		<u>(5,956)</u>	<u>(4,999)</u>
<b>Net revenue</b>		<b>262,223</b>	<b>276,952</b>
Other income		976	-
Interest income		288	363
Dividend income from subsidiaries		-	42,914
Investment and administration expenses		(201,816)	(193,483)
Foreign exchange (loss)/gain		(925)	840
Interest expense	14	(2,571)	(2,535)
Fair value adjustment on investments at fair value through profit or loss		<u>8,648</u>	<u>(924)</u>
<b>Operating profit</b>		<b>66,823</b>	<b>124,127</b>
<b>Exceptional items</b>			
Financial impact of group restructures		<u>(3,479)</u>	<u>(6,600)</u>
<b>Profit from operations before tax</b>	3	<b>63,344</b>	<b>117,527</b>
Income tax expense	4	<u>(14,289)</u>	<u>(13,134)</u>
<b>Profit from operations after tax</b>		<b>49,055</b>	<b>104,393</b>
<b>Other comprehensive income</b>			
Revaluation of pension fund asset	18	1,125	(1,854)
Deferred tax on revaluation of pension fund asset	8	(214)	354
Deferred tax on share options vested	8	81	140
<b>Total comprehensive income for the year</b>		<b>50,047</b>	<b>103,033</b>



**NINETY ONE UK LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
At 31 March 2021

	Notes	2021 £'000	2020 £'000
<b>Assets</b>			
Investments in subsidiaries	6	4,000	4,000
Property and equipment	7	24,666	13,140
Right-of-use assets	14	62,444	67,951
Deferred tax asset	8	14,101	15,965
<b>Total non-current assets</b>		<b>105,211</b>	<b>101,056</b>
Trade receivables	19	36,658	35,826
Other receivables		9,280	12,500
Investments	9	47,383	46,075
Cash and cash equivalents	10	105,264	82,742
Loan receivable	16	7,500	7,050
Income tax receivable		4,867	-
Amounts receivable from group companies	16	14,373	8,616
<b>Total current assets</b>		<b>225,325</b>	<b>192,809</b>
<b>Total assets</b>		<b>330,536</b>	<b>293,865</b>
<b>Equity</b>			
Share capital	11	11,860	11,860
Share premium		6,232	6,232
Retained earnings		74,993	42,248
<b>Total equity</b>		<b>93,085</b>	<b>60,340</b>
<b>Liabilities</b>			
Lease liabilities	14	79,605	77,125
Pension fund liability	18	748	1,759
Other liabilities	12	24,006	23,030
<b>Total non-current liabilities</b>		<b>104,359</b>	<b>101,914</b>
Other liabilities	12	28,972	29,020
Lease liabilities	14	84	858
Trade and other payables	13	95,218	95,818
Amounts payable to group companies	16	3,436	5,354
Income tax payable		5,382	561
<b>Total current liabilities</b>		<b>133,092</b>	<b>131,611</b>
<b>Total equity and liabilities</b>		<b>330,536</b>	<b>293,865</b>

The financial statements were approved by the board of directors on 17 June 2021 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 2021

	<i>Note</i>	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
<b>2021</b>					
Opening balance		11,860	6,232	42,248	60,340
Total comprehensive income for the year		-	-	50,047	50,047
Foreign currency translation		-	-	198	198
Dividends paid		-	-	(17,500)	(17,500)
Closing balance		11,860	6,232	74,993	93,085
<b>2020</b>					
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

**NINETY ONE UK LIMITED**  
**STATEMENT OF CASH FLOWS**  
For the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
<b>Cash flows from operating activities</b>			
Profit from operations before tax		63,344	117,527
Adjusted for:			
Fair value adjustment on investments at fair value through profit or loss		(8,648)	924
Depreciation of property and equipment	7	2,599	515
Depreciation of right-of-use assets	14	5,467	7,419
Net return of pension fund	18	114	85
Interest income		(288)	(363)
Interest expense	15	2,571	2,535
Foreign exchange loss/(gain)		925	(840)
Operating profit before working capital changes		66,084	127,802
Working capital changes:			
Trade receivables		(832)	(4,517)
Other receivables		3,453	(6,232)
Amounts receivable from group companies		(5,757)	7,375
Foreign exchange (loss)/gain related to receivables and payables		(925)	840
Other liabilities		928	240
Trade and other payables		(600)	(6,634)
Amounts payable to group companies		(1,918)	1,179
Cash flows from operations		60,433	120,053
Interest received		288	363
Income tax paid		(12,604)	(22,830)
Balance at beginning of year		(561)	(9,587)
Current tax	4	(12,558)	(13,804)
Balance at end of year		515	561
<b>Net cash flows from operating activities</b>		<b>48,117</b>	<b>97,586</b>
<b>Cash flows from investing activities</b>			
Net disposal/(acquisition) of investments		7,340	(1,473)
Loan advanced	16	(7,500)	(7,050)
Loan repaid	16	7,050	-
Partial acquisition of subsidiary	6	-	(1,319)
Net additions to property and equipment	7	(14,125)	(9,403)
<b>Net cash flows from investing activities</b>		<b>(7,235)</b>	<b>(19,245)</b>
<b>Cash flows from financing activities</b>			
Cash paid in respect of lease liabilities	15	(860)	(3,118)
Dividends paid		(17,500)	(106,000)
<b>Net cash flows from financing activities</b>		<b>(18,360)</b>	<b>(109,118)</b>
Net change in cash and cash equivalents		22,522	(30,777)
Cash and cash equivalents at beginning of year		82,742	113,519
<b>Cash and cash equivalents at end of year</b>	10	<b>105,264</b>	<b>82,742</b>

**NINETY ONE UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2021

**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 both international accounting standards in conformity with 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 pandemic. 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:

- Amendment to IFRS 16 Leases "COVID-19-related rent concessions" allows a lessee to by-pass the need to evaluate whether certain qualifying COVID-19-related rent concessions are a "lease modification" and instead, account for those rent concessions as if they were not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic, and only if all the conditions as set out in the amendment are met. The amendment is effective for annual periods beginning on or after 1 June 2020; and
- Amendments to IAS 1 Presentation of financial statements "Classification of liabilities as current or non-current" clarify the requirements on determining if a liability is current or non-current, in particular the determination of whether an entity has the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2023.

The Company is in the process of assessing what the impact of these amendments is expected to be in the period of initial application. So far the Company has concluded that their adoption is unlikely to have a significant impact on the financial statements

**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.

## **NINETY ONE UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2021

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#### **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. Such items have been separately presented to enable a better understanding of the Company's operating performance. This presentation involves judgement to identify the items that satisfy the requirements in accordance with IFRS. 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.

#### **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 expense**

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.

**NINETY ONE UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2021

**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.

**NINETY ONE UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2021

**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, Ninety One UK Pension Scheme (formerly 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.

**NINETY ONE UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2021

	2021 £'000	2020 £'000
<b>2 Revenue</b>		
comprises:		
Management fees	262,161	280,090
Performance fees	6,018	1,861
	<u>268,179</u>	<u>281,951</u>
<b>3 Profit from operations before tax</b>		
is arrived at after taking into account:		
Personnel expenses	<u>156,509</u>	<u>136,775</u>
<b>4 Income tax expense</b>		
Current tax - current year	11,534	13,971
Current tax - adjustment for prior years	1,024	(167)
	<u>12,558</u>	<u>13,804</u>
Deferred tax - current year	1,306	787
Deferred tax - adjustment for prior years	425	(311)
Deferred tax - change in corporate tax rate	-	(1,146)
	<u>1,731</u>	<u>(670)</u>
	<u>14,289</u>	<u>13,134</u>
<b>Reconciliation of effective tax rate</b>	%	%
Effective rate of taxation	22.6	11.2
Expenses not deductible for tax purposes	-	(0.1)
Other adjustments - R&D claims	0.4	0.4
Exempt income	-	6.9
Effect of differences in overseas tax rates	(1.7)	(0.8)
Effect of change in deferred tax rates	-	1.0
Adjustment to tax charge in respect of prior year	(2.3)	0.4
United Kingdom standard tax rate	<u>19.0</u>	<u>19.0</u>
<b>5 Information regarding directors and employees</b>		
		Restated
Directors' remuneration:	£'000	£'000
Emoluments (including benefits in kind)	5,028	5,742
Pension contributions	20	23
	<u>5,048</u>	<u>5,765</u>
Highest paid director:		
Emoluments (including benefits in kind)	1,357	1,622
Pension contributions	-	9
	<u>1,357</u>	<u>1,631</u>

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 the Company and its subsidiaries which relates to their services to these entities. The emoluments have been allocated on a time apportionment basis across the companies for which each was a director. The prior year amounts have been amended to more appropriately reflect the requirements under the Companies Act 2006.

Employee costs, including directors, during the year:

Emoluments (including benefits in kind)	136,850	116,971
Social security costs	15,147	15,862
Pension contributions	4,512	3,942
	<u>156,509</u>	<u>136,775</u>

The average number of persons employed by the Company, including directors, during the year was 447 (2020: 443).



**NINETY ONE UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2021

	2021 £'000	2020 £'000
<b>6 Investments in subsidiaries</b>		
Opening balance	4,000	37,259
Addition - Ninety One Luxembourg S.A.	-	1,319
Disposal - dividend in specie	-	(34,578)
Ninety One Guernsey Limited	-	(24,504)
Ninety One North America, Inc.	-	(3,815)
Ninety One Luxembourg S.A.	-	(6,246)
Ninety One Switzerland GmbH	-	(13)
Closing balance	4,000	4,000

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

Name of company	Country of incorporation		
Ninety One Fund Managers UK Limited	England & Wales	4,000	4,000
		4,000	4,000

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
<b>2021</b>				
<b>Cost</b>				
Opening balance	12,312	2,628	-	14,940
Additions	9,015	2,914	2,196	14,125
Closing balance	21,327	5,542	2,196	29,065
<b>Accumulated depreciation</b>				
Opening balance	(141)	(1,659)	-	(1,800)
Depreciation	(1,200)	(1,069)	(330)	(2,599)
Closing balance	(1,341)	(2,728)	(330)	(4,399)
<b>Closing net book value</b>	<b>19,986</b>	<b>2,814</b>	<b>1,866</b>	<b>24,666</b>
<b>2020</b>				
<b>Cost</b>				
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
<b>Accumulated depreciation</b>				
Opening balance	(119)	(4,977)	-	(5,096)
Depreciation	(22)	(493)	-	(515)
Disposals	-	3,811	-	3,811
Closing balance	(141)	(1,659)	-	(1,800)
<b>Closing net book value</b>	<b>12,171</b>	<b>969</b>	<b>-</b>	<b>13,140</b>

**NINETY ONE UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2021

	2021 £'000	2020 £'000
<b>8 Deferred tax asset</b>		
Accelerated capital allowances	161	392
Employee incentive scheme	1,236	602
Deferred compensation payments	12,501	14,542
Pension fund	200	334
Donation	-	95
IFRS 16 rent	3	-
	<u>14,101</u>	<u>15,965</u>
<b>Opening balance</b>	15,965	14,801
Deferred tax charge to profit from operations (note 4)	(1,731)	670
Deferred tax charge to other comprehensive income:		
Deferred tax on revaluation of pension fund asset	(214)	354
Deferred tax on share options vested	81	140
<b>Closing balance</b>	<u>14,101</u>	<u>15,965</u>
On 3 March 2021, the UK Government proposed that the UK corporate income tax rate be increased to 25% from 1 April 2023. The effect of these legislative changes is not reflected in the above calculation of the deferred tax asset or liabilities as the rates were not substantively enacted before 31 March 2021. The Company has concluded that the changes in tax rates are unlikely to have a significant effect to the Company's future tax charge.		
<b>9 Investments</b>		
Deferred compensation investments	<u>47,383</u>	<u>46,075</u>
<b>10 Cash and cash equivalents</b>		
Cash on hand	1	1
Current account (Citibank: A+ rated)	34,888	65,838
Ninety One Global Strategy Fund - Sterling Money Fund (formerly Investec Global Strategy Fund - Sterling Money Fund) (AAAf rated)	70,375	16,903
	<u>105,264</u>	<u>82,742</u>
<b>11 Share capital</b>		
<i>Issued and fully paid</i>		
1,000,000 ordinary shares of £11.86 each (2020: 1,000,000 ordinary shares of £11.86 each)	<u>11,860</u>	<u>11,860</u>
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.		
<b>12 Other liabilities</b>		
Non-current deferred compensation liabilities	24,006	23,030
Current deferred compensation liabilities	28,972	29,020
	<u>52,978</u>	<u>52,050</u>
The above liabilities include employer's National Insurance.		
<b>13 Trade and other payables</b>		
Employee related payables	89,688	87,603
Trade payables	5,530	8,215
	<u>95,218</u>	<u>95,818</u>

**NINETY ONE UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2021

**14 Leases**

At the reporting date the Company has an operating lease contract for its office space that expires in April 2034.

	2021 £'000	2020 £'000
<b>Amounts recognised in the statement of financial position</b>		
<i>Right-of-use assets</i>		
Office premises	<b>62,444</b>	67,951

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

*Lease liabilities*

Current	<b>84</b>	858
Non-current	<b>79,605</b>	77,125
<b>Total lease liabilities</b>	<b>79,689</b>	77,983

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

	2021 £'000		2020 £'000
	Present value of minimum lease payments	Total minimum lease payments	Present value of minimum lease payments
Within one year	84	87	858
Between one and five years	16,449	34,260	13,969
Over five years	63,156	64,867	63,156
	<b>79,689</b>	<b>99,214</b>	<b>77,983</b>

	2021 £'000	2020 £'000
<b>Amounts recognised in the statement of comprehensive</b>		
Depreciation charge of right-of-use assets	<b>5,467</b>	7,419
Interest expense on lease liabilities	<b>2,571</b>	2,535

Calculation of leased assets and liabilities requires the use of both estimation and judgement. The determination of the lease term for each lease involves the Company assessing any extension and termination options, the enforceability of such options, and judging whether it is reasonably certain that they will be exercised. For each lease, a conclusion was reached on the overall likelihood of the option being exercised.

In addition, the identification of an appropriate discount rate to use in the calculation of the lease liability involves both estimation and judgement. The discount rate used has a direct effect on the size of the lease liability capitalised, however it is assessed that the change in discount rate is unlikely to have a material impact to the Company.

**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.

Opening balance	<b>77,983</b>	-
- Impact of initial application of IFRS16	-	78,604
- Cash paid in respect of lease liabilities	<b>(860)</b>	(3,118)
- Other non-cash movements:	<b>2,566</b>	2,497
Foreign exchange adjustments	<b>(5)</b>	(38)
Interest expense	<b>2,571</b>	2,535
<b>Closing balance</b>	<b>79,689</b>	<b>77,983</b>

**NINETY ONE UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2021

**16 Related parties****Identity of related parties**

Investec group ("Investec"), the former parent group, retains significant influence over the Ninety One group by holding 25 percent (2020: 25 percent) of the group's shares, therefore Investec and its directors remained a related party to the Company for the financial year 2021 and 2020. In addition, the Company has a related party relationship with companies in the Ninety One group and with its directors. Apart from those disclosed elsewhere in the financial statements, material transactions for the year are set out below:

	2021 £'000	Restated 2020 £'000
<b>Transactions with key management personnel</b>		
Directors are considered to be the only key management personnel. Transactions with directors are as follows:		
Short-term employee benefits	4,112	4,821
Post-employment benefits	19	22
Share-based payment expense	209	32
	<u>4,340</u>	<u>4,875</u>
Directors that are not paid directly by the company receive compensation from other companies within the Ninety One group of companies.		
The prior year amount has been amended to more appropriately reflect the allocation of compensation costs in accordance with IAS24.		
<b>Transactions with Investec</b>		
Administration fee expense	546	-
<b>Transactions with the ultimate holding company</b>		
Administration fee expense	<u>(1,392)</u>	<u>(710)</u>
<b>Transactions with the holding company</b>		
Dividend	(17,500)	(20,908)
Dividend in specie (note 6 and statement of changes in equity)	-	(34,578)
Investment and administration expenses (net recovered)	<u>(83)</u>	<u>-</u>
<b>Transactions with fellow subsidiaries *</b>		
Service fees	127,460	139,395
Investment and administration expenses (net recovered)	<u>2,005</u>	<u>5,114</u>
<b>Balances with related parties</b>		
Loan receivable °	7,500	7,050
Amount payable to ultimate holding company ^	(901)	(2,954)
Amount payable to holding company ^	(4)	-
Amounts receivable from fellow subsidiaries * ^	14,373	8,616
Amounts payable to fellow subsidiaries * ^	<u>(2,531)</u>	<u>(2,400)</u>

° On 26 March 2021, the Company entered into a loan agreement with Ninety One Global Limited to cover the funding for the subscription of the newly issued shares in Ninety One International Limited. 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.

° On 16 March 2020 the Company entered into a loan agreement with Ninety One plc which has now been repaid in full.

^ 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. The balance with Investec Bank plc at 31 March 2021 was zero (2020: £148,015) is included in trade payables (note 13).

**NINETY ONE UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2021

**17 Share-based payments**

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

	2021 £'000	2020 £'000
Ninety One plc LTIP (note 17(a))	4,397	2,654
Ninety One SIP (note 17(b))	316	13
Investec Share Plans (note 17(c))	456	299
Expense charged to statement of comprehensive income: Equity settled	<u>5,169</u>	<u>2,966</u>

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 under the Ninety One Plc LTIP took the form of forfeitable shares or conditional awards.

	2021 Number of ordinary shares	2020 Number of ordinary shares
Outstanding at beginning of year	2,767,282	-
Granted during the year	2,665,298	2,767,282
Lapsed during the year	(14,407)	-
Vested during the year	(42,531)	-
Transferred in during the year	(48,937)	-
Outstanding at end of year	<u>5,326,705</u>	<u>2,767,282</u>

The weighted average fair value of shares granted under the Ninety One Share Plans in the year was £2.281 (2020: £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.

	2021 Number of ordinary shares	2020 Number of ordinary shares
Outstanding at beginning of year	594,900	-
Granted during the year	-	594,900
Lapsed during the year	(17,186)	-
Vested during the year *	(27,762)	-
Outstanding at end of year	<u>549,952</u>	<u>594,900</u>

\* Shares that were vested/released during the financial year related to participants who were designated as good leavers under the rules of the Ninety One SIP.

**NINETY ONE UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2021

**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:

	2021		2020	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at start of the year	1,082,162	£ -	269,822	£ -
Relocation of employees during the year	-	£ -	750	£ -
Granted during the year	-	£ -	890,471	£ -
Exercised during the year	(39,190)	£ -	(50,815)	£ -
Lapsed during the year	(3,293)	£ -	(28,066)	£ -
Outstanding at end of the year	1,039,679	£ -	1,082,162	£ -
Exercisable at end of year	3,362	£ -	2,290	£ -

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

	2021	2020
Exercise price range	£ -	£ -
Weighted average remaining contractual life	3.36 years	4.21 years

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

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	n/a	£4.38 - £4.79
- Exercise price	n/a	£ -
- Option life	n/a	7- 7.25 years

**NINETY ONE UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2021

**Investec Share Plans - Ninety One Ordinary**

Details of options outstanding during the year:

	2021	Weighted	2020	Weighted
	Number of	average	Number of	average
	share	exercise	share	exercise
	options	price	options	price
Outstanding at start of the year	531,100	£ -	-	£ -
Demerger awards	-	£ -	531,924	£ -
Exercised during the year	(10,082)	£ -	(824)	£ -
Lapsed during the year	(1,647)	£ -	-	£ -
Outstanding at end of the year	519,371	£ -	531,100	£ -
Exercisable at end of year	1,221	£ -	1,150	£ -

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

	2021	2020
	£ -	£ -
Exercise price range		
Weighted average remaining contractual life	3.36 years	4.21 years

**18 Pension costs****Defined benefit schemes**

The Company participates in the Ninety One UK Pension Scheme (the "Scheme") (formerly Investec Asset Management Pension 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 2021 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.

	2021	2020
	£'000	£'000
The pension fund obligation in respect of the Scheme is as follows:		
Ninety One Diversified Growth Fund (formerly Investec Diversified Growth Fund)	8,989	7,502
Ninety One Cautious Managed Fund (formerly Investec Cautious Managed Fund)	8,210	6,871
Trustees bank account	47	53
Total fair value of plan assets	17,246	14,426
Present value of obligation	(17,994)	(16,185)
Pension fund obligation recognised in the statement of financial position	(748)	(1,759)

Ninety One Diversified Growth Fund and Ninety One 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.

**Movements in plan assets:**

Plan assets at the beginning of the year	14,426	17,790
Benefits paid including expenses	(470)	(1,314)
Interest income	326	415
Return on plan assets, excluding interest income	2,964	(2,465)
Plan assets at the end of the year	17,246	14,426

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For the year ended 31 March 2021

	2021 £'000	2020 £'000
<i>Movements in the present value of the defined benefit obligation:</i>		
Obligations at the beginning of the year	16,185	17,610
Actuarial (gains)/losses arising from changes in demographic	(18)	42
Actuarial losses/(gains) arising from changes in financial assumptions	1,857	(653)
Benefits paid including expenses	(470)	(1,314)
Interest cost	368	412
Administration costs	72	88
Obligations at the end of the year	17,994	16,185
<i>Amounts recognised in the statement of comprehensive income are as follows:</i>		
Net return recognised in profit before tax	114	85
Revaluation of pension fund obligation recognised in other comprehensive income	1,125	(1,854)
Actuarial (losses)/gains on defined benefit obligation	(1,839)	611
Return on plan assets, excluding interest income	2,964	(2,465)
Total defined benefit gain/(cost)	1,239	(1,769)
	%	%
The major assumptions used were:		
Retail Price inflation	3.30%	2.60%
Rate of increase in pensions in payment for post 1997 service	3.20%	2.60%
Rate of increase in pensionable salaries	3.30%	2.60%
Discount rate	1.95%	2.30%

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 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.



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The Ninety One DLC Audit and Risk 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:

	2021 £'000	2020 £'000
Less than 30 days	34,481	32,958
Between 30 and 60 days	1,981	445
More than 60 days	196	2,423
	<b>36,658</b>	<b>35,826</b>

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.

**NINETY ONE UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

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**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 £28,299,428 (2020: £27,381,230).

**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: £2,829,943 (2020: £2,738,123). 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: £105,264 (2020: £82,742). 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**

During May 2021 the directors proposed and approved a dividend of £40,045,000.