

**ASHMORE INVESTMENT MANAGEMENT LIMITED**

**REGISTERED NUMBER 3344281**

**ANNUAL REPORT AND ACCOUNTS**

**For the year ended 30 June 2017**

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## **ASHMORE INVESTMENT MANAGEMENT LIMITED**

### **DIRECTORS' REPORT**

The Directors present their Directors' report, Strategic report and financial statements of Ashmore Investment Management Limited (the "Company") which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes 1 to 17 for the year ended 30 June 2017.

#### **Principal activity**

The Company provides investment advice and management services to a number of funds and institutions. It is authorised and regulated by the Financial Conduct Authority in the United Kingdom. The Company's ultimate parent and controlling entity is Ashmore Group plc.

#### **Results and dividends**

The Company's profit for the year, after tax, was £50.5 million (2016: £60.8 million). Dividends of £49.5 million (2016: £57.9 million) were paid during the year. The Directors do not propose any final dividends.

#### **Charitable contributions**

The Company made no charitable or political donations during the year (2016: nil).

#### **Directors**

The following Directors of the Company held office during the year and up to the date of approval of this report:

M L Coombs  
T A Shippey

The Directors' interests are disclosed in the Ashmore Group plc accounts, which can be obtained from the Ashmore Group plc offices at 61 Aldwych, London WC2B 4AE, United Kingdom.


#### **Auditor**

The Company has elective resolutions to appoint auditors annually. Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office at the end of the period of 28 days commencing with the day on which copies of the report and accounts are sent to the members, unless a resolution is passed under section 510 of the Companies Act 2006 to terminate their appointment.

#### **Disclosure of information to Company Auditor**

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

Approved by the Board and signed on its behalf by:



Tom Shippey  
Director  
6 September 2017

Registered Office:  
61 Aldwych  
London, WC2B 4AE

## **ASHMORE INVESTMENT MANAGEMENT LIMITED**

### **STRATEGIC REPORT**

The report provides a review of the business for the financial year and describes how risks are managed. In addition, the report outlines key developments and financial performance of the Company during the financial year and the position at the end of the year, and discusses the main factors that could affect the future performance, and financial position of the Company.

### **BUSINESS REVIEW**

#### **Performance**

The statement of comprehensive income for the year is set out on page 7. The Company reported a profit after tax for the year of £50.5 million, compared to a profit after tax of £60.8 million for the year ended 30 June 2016. The year saw ongoing improvements in economic and political fundamentals across emerging markets, which enabled the Company to continue to deliver strong investment performance. There was an increase in net revenue, both management and performance fees, in line with the rise in AuM. Overall profits were down compared to prior year mainly due to an increase in the management charge to the parent company, Ashmore Group plc.

#### **Assets under management (AuM)**

The key business driver of the Company's financial performance is its AuM, which impacts the management fee income generated. At 30 June 2017, the Company's unaudited AuM was US\$49.7 billion (2016: US\$43.8 billion).

#### **Net assets**

The balance sheet is presented on page 8. The Company had net assets of £46.1 million as at 30 June 2017 compared to £41.2 million as at 30 June 2016. The Company's principal financial assets are debtors and cash balances, and the principal financial liabilities are creditors and intercompany trade payables.

#### **Risk factors**

The Company's operations expose it to a variety of business risks and market risk factors that impact the underlying funds and accounts managed by the Company, which in turn could have an impact on the Company's AuM, profitability and financial position.

The main risks expected by the Company relate to its ability to maintain a good performance record and to continue to meet the investment objectives of the underlying funds under management. Failure of the Company's investment strategies could lead to lower performance and a failure to attract new business, each of which could affect AuM levels.

The market risks to which the AuM is exposed that could have a material impact on performance and AuM levels primarily relate to interest rate risk, currency related risks, fluctuations on credit markets as well as general risks related to the emerging market environment in which the Company operates.

The Company monitors and manages market and operational risks in line with policies and procedures adopted by its parent company, and are disclosed in the Ashmore Group's Annual Report and Accounts for the year ended 30 June 2017.

### **GOING CONCERN**

The Directors have reviewed the future prospects of the business and do not envisage any material changes to the existing business model. At the time of approving these financial statements, the Directors consider that the Company has adequate resources to continue in operation for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the Annual Report and Accounts.

## ASHMORE INVESTMENT MANAGEMENT LIMITED

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

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

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

Approved by the Board and signed on its behalf by



Tom Shippey  
Director  
6 September 2017

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHMORE INVESTMENT MANAGEMENT LIMITED**

### **Opinion**

We have audited the financial statements of Ashmore Investment Management Limited ("the company") for the year ended 30 June 2017, which comprise the statement of comprehensive income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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**

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **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 4, 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.



**Fang Fang Zhou (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL

6 September 2017

**ASHMORE INVESTMENT MANAGEMENT LIMITED**  
**REGISTERED NUMBER 3344281**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	Notes	2017 £'000	2016 £'000
Management fees		165,687	145,438
Performance fees		14,414	10,835
Other revenue		1,930	1,249
<b>Total revenue</b>		<b>182,031</b>	<b>157,522</b>
Distribution costs		(3,515)	(763)
Foreign exchange		(6,501)	(1,148)
<b>Net revenue</b>		<b>172,015</b>	<b>155,611</b>
Management charges payable to parent company		(90,981)	(60,905)
Administrative expenses	3	(20,698)	(20,456)
<b>Operating profit</b>		<b>60,336</b>	<b>74,250</b>
Finance income	4	219	633
Share of profit/(losses) from joint ventures and associates	10,11	977	(1,594)
<b>Profit before tax</b>		<b>61,532</b>	<b>73,289</b>
Tax expense	6	(10,985)	(12,504)
<b>Profit for the year</b>		<b>50,547</b>	<b>60,785</b>
<b>Other comprehensive income/(loss), net of related tax effect</b>			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange gains/(losses) on foreign operations		30	520
Cash flow hedge intrinsic value gains/(losses)		3,850	(3,976)
<b>Other comprehensive income/(loss), net of tax</b>		<b>3,880</b>	<b>(3,456)</b>
<b>Total comprehensive income for the year</b>		<b>54,427</b>	<b>57,329</b>

The notes on pages 10 to 17 form an integral part of these financial statements.

**ASHMORE INVESTMENT MANAGEMENT LIMITED**  
**REGISTERED NUMBER 3344281**  
**BALANCE SHEET**  
**AS AT 30 JUNE 2017**

	Notes	2017 £'000	2016 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	9	1,800	1,800
Investment in joint venture	10	-	4,690
Investment in associates	11	938	-
Other receivables		100	100
		<b>2,838</b>	<b>6,590</b>
<b>Current assets</b>			
Trade and other receivables	12	93,159	57,646
Derivative financial instruments	14	292	-
Cash and cash equivalents		10,036	12,672
		<b>103,487</b>	<b>70,318</b>
<b>Total assets</b>		<b>106,325</b>	<b>76,908</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Issued capital	15	35,000	35,000
Retained earnings		10,729	9,702
Cash flow hedging reserve		(196)	(4,046)
Foreign exchange reserve		550	520
<b>Total shareholders' funds</b>		<b>46,083</b>	<b>41,176</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Current tax	13	8,454	20,522
Derivative financial instruments	14	-	4,478
Trade and other payables	13	51,788	10,732
		<b>60,242</b>	<b>35,732</b>
<b>Total liabilities</b>		<b>60,242</b>	<b>35,732</b>
<b>Total equity and liabilities</b>		<b>106,325</b>	<b>76,908</b>

The notes on pages 10 to 17 form an integral part of these financial statements.

Approved by the Board on 6 September 2017 and signed on its behalf by:

  
**Tom Shippey**  
 Director



**ASHMORE INVESTMENT MANAGEMENT LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	Issued capital £'000	Retained Earnings £'000	Cash flow hedging reserve £'000	Foreign exchange reserve £'000	Total shareholders' equity £'000
<b>Balance at 30 June 2015 (restated)</b>	<b>35,000</b>	<b>8,533</b>	<b>(19)</b>	<b>-</b>	<b>43,514</b>
Profit for the year	-	60,785	-	-	60,785
Other comprehensive income/(loss):					
Cash flow hedge intrinsic value gains/(loss)	-	-	(3,976)	-	(3,976)
Foreign exchange gains/(losses) on foreign operations	-	-	-	520	520
Transaction with owners:					
Dividends to equity holders	-	(57,900)	-	-	(57,900)
Other items recognised directly in equity	-	(1,716)	(51)	-	(1,767)
<b>Balance at 30 June 2016</b>	<b>35,000</b>	<b>9,702</b>	<b>(4,046)</b>	<b>520</b>	<b>41,176</b>
Profit for the year	-	50,547	-	-	50,547
Other comprehensive income/(loss):					
Cash flow hedge intrinsic value gains/(loss)	-	-	3,850	-	3,850
Foreign exchange gains/(losses) on foreign operations	-	-	-	30	30
Transaction with owners:					
Dividends to equity holders	-	(49,520)	-	-	(49,520)
Other items recognised directly in equity	-	-	-	-	-
<b>Balance at 30 June 2017</b>	<b>35,000</b>	<b>10,729</b>	<b>(196)</b>	<b>550</b>	<b>46,083</b>

The notes on pages 10 to 17 form an integral part of these financial statements.

**ASHMORE INVESTMENT MANAGEMENT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**1. ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**Basis of preparation**

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU, but makes amendments where necessary in order to comply with the United Kingdom Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

**Financial reporting standard 101 – reduced disclosure exemptions**

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows)
  - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 40A-D (requirements for a third statement of financial position
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

## **1. ACCOUNTING POLICIES (CONTINUED)**

### **Consolidation**

The Company's ultimate parent undertaking, Ashmore Group plc, 61 Aldwych, London, WC2B 4AE includes the Company in its consolidated financial statements. The consolidated financial statements of Ashmore Group plc are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from United Kingdom Companies House and/or Ashmore Group plc.

The company is exempt by virtue of s400 the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements are separate financial statements.

As the consolidated financial statements of Ashmore Group plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)

### **Going concern**

The Company meets its day-to-day working capital requirements through its cash reserves. The current economic conditions continue to create uncertainty particularly over the level of demand for the Company's products. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current cash reserves and borrowings. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements

### **Dividends**

Dividends are recognised when shareholders' rights to receive payments have been established.

### **Investments in subsidiaries**

Investments in subsidiaries are held at cost less accumulated impairment losses.

### **Investments in associated undertakings**

Investments in associated undertakings are held at cost less accumulated impairment losses.

### **Investment management fees**

Investment management fees comprise of management and performance fees.

#### *Management fees*

Management fees, net of rebates, are accrued over the period for which the service is provided. Where management fees are received in advance these are recognised over the period of the provision of the asset management service.

#### *Performance fees*

Performance fees, net of rebates, relate to the performance of funds managed during the period and are recognised when the quantum of the fee can be estimated reliably and it is probable that the fee will crystallise. This is usually at the end of the performance period or upon early redemption by a client.

### **Management charges payable to parent company**

Management charges payable to the parent company are accrued on a monthly basis in line with services performed.

### **Foreign currency translation**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the company operates ('the functional

## **1. ACCOUNTING POLICIES (CONTINUED)**

currency'). The financial statements are presented in Sterling, which is also the company's functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains or losses resulting from the translation at year-end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income within 'operating profit'.

### **Hedging**

The Company applies cash flow hedge accounting when the transactions meet the specified hedge accounting criteria. To qualify, the following conditions must be met:

- formal documentation of the relationship between the hedging instrument(s) and hedged item(s) must exist at inception;
- the hedged cash flows must be highly probable and must present an exposure to variations in cash flows that could ultimately affect comprehensive income;
- the effectiveness of the hedge can be reliably measured; and
- the hedge must be highly effective, with effectiveness assessed on an ongoing basis.

For qualifying cash flow hedges, the change in fair value of the effective hedging instrument is initially recognised in other comprehensive income and is released to comprehensive income in the same period during which the relevant financial asset or liability affects the Company's results. Where the hedge is highly effective overall, any ineffective portion of the hedge is immediately recognised in the statements of comprehensive income. Where the instrument ceases to be highly effective as a hedge, or is sold, terminated or exercised, hedge accounting is discontinued.

For qualifying cash flow hedges, the change in fair value of the effective hedging instrument is initially recognised in other comprehensive income and is released to profit for the year as part of comprehensive income in the same period during which the relevant financial asset or liability affects profit or loss. Where the hedge is highly effective overall, any ineffective portion of the hedge is immediately recognised in profit and loss. Where the instrument ceases to be highly effective as a hedge, or is sold, terminated or exercised, hedge accounting is discontinued.

### **Taxation**

Tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

### **Finance income and expense**

Finance income includes interest receivable on the Company's cash and cash equivalents.

Finance expense includes unrealised realised losses on cash flow hedges and interest expense.

### **Trade and other receivables**

Trade and other receivables are amounts due from customers for management and performance fees, and for services provided to group undertakings. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### **Derivative financial instruments**

Derivatives include foreign exchange option contracts used by the Company to manage foreign currency exposures on a portion of the Group's US dollar revenues. The fair value of derivatives is their quoted market price at the balance sheet date.

## 1. ACCOUNTING POLICIES (CONTINUED)

### Cash and cash equivalents

Cash represents cash at bank and in hand and cash equivalents comprise short-term deposits and investments in money market instruments with an original maturity of three months or less.

### Trade and other payables

Trade and other payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers and group undertakings. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## 2. AUDIT FEES

The fee for the audit of these financial statements was borne by the Company's parent, Ashmore Group plc. Amounts receivable by the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Ashmore Group plc.

## 3. ADMINISTRATIVE EXPENSES

	2017 £'000	2016 £'000
Advisory and related fees	19,856	18,895
Professional fees	450	910
Information technology and communications	168	115
Other expenses	224	536
	<u>20,698</u>	<u>20,456</u>

## 4. FINANCE INCOME AND EXPENSE

	2017 £'000	2015 £'000
<b>Finance income</b>		
Interest income	219	633
<b>Total finance income</b>	<u>219</u>	<u>633</u>
<b>Finance expense</b>	-	-
<b>Net finance income</b>	<u>219</u>	<u>633</u>

The Company did not have employees during the year (2016: nil).

## 5. DIRECTORS' REMUNERATION

Directors are employed and remunerated by Ashmore Group plc in respect of services provided to the group as a whole. As such, no remuneration was paid to the Directors by the Company in 2017 (2016: nil).

## 6. TAXATION

The tax charge is based on the taxable result for the period and comprises:

	2017 £'000	2016 £'000
<b>Current tax</b>		
UK corporation tax on profits for the year	11,413	14,474
Overseas corporation tax charge	349	444
Adjustments in respect of prior years	(777)	(2,414)
	<u>10,985</u>	<u>12,504</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	-	-
Adjustments in respect of prior years	-	-
Effect of changes in corporation tax rates	-	-
Total tax charge	<u>10,935</u>	<u>12,504</u>
<b>Factors affecting tax charge for the year</b>		
	2017 £'000	2016 £'000
Profit on ordinary activities before tax	<u>61,532</u>	<u>73,289</u>
Current tax using the average standard rate of corporation tax in the UK of 19.75% (2016: 20.00%)	12,153	14,658
Non-taxable income	(245)	(136)
(Gain)/loss on associate	(193)	318
Non-deductible expenses	47	78
Adjustments in respect of prior years	(777)	(2,414)
Total tax charge	<u>10,985</u>	<u>12,504</u>

The 2017 tax charge is lower than 2016 (2016: lower than) resulting from applying the average standard rate of corporation tax in the UK for the year of 19.75% (2016: 20.00%).

A reduction to the main rate of UK corporation tax from 20% was enacted in the Finance Act 2013 and became effective from 1 April 2015. Finance (No. 2) Act 2015 introduced legislation to reduce the UK corporation tax rate to 19% from 1 April 2017. Finance Act 2016 further reduces the tax rate to 17% from 1 April 2020.

## 7. DIVIDENDS

Dividends of £49.5 million (2016: £57.9 million) were declared and paid during the year.

## 8. SUBSIDIARIES AND RELATED UNDERTAKINGS

The following is a full list of the Company's subsidiaries and related undertakings of the Company as at 30 June 2017 pursuant to the requirements of Statutory Instrument 2015 No. 80, The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015. The list includes the Company's subsidiaries, related undertakings, significant holdings, associate undertakings and joint ventures.

Name	Classification	% Interest	Registered Address
PT Ashmore Asset Management Indonesia	Subsidiary	66.67	18 Parc SCBD Tower E, 8th Floor, Jl. Jend. Sudirman Kav.52-53, Jakarta 12190, Indonesia
Taiping Fund Management Company*	Associate	15.00	Unit 101, Building No.5, 135 Handan Road, Shanghai, China

\*Formerly Ashmore-CCSC Fund Management Company Limited, the joint venture was renamed Taiping Fund Management Company following the partial disposal of Ashmore's interest to Taiping Group during the year, effectively reducing Ashmore Group's equity stake from 49% to 15%.

## 9. INVESTMENT IN SUBSIDIARIES

The Company currently owns 66.67% (2016: 66.67%) of the equity share capital of PT Ashmore Asset Management Indonesia ("Ashmore Indonesia").

	2017 £'000	2016 £'000
<b>Investment</b>		
At 1 July 2016	1,800	1,889
Additions	-	-
Disposals	-	(89)
At 30 June 2017	<u>1,800</u>	<u>1,800</u>
<b>Net book value</b>		
At 30 June 2017	<u>1,800</u>	<u>1,800</u>

## 10. INVESTMENT IN JOINT VENTURES

The Company owned 49% of equity share capital in Ashmore-CCSC Fund Management Company Limited ("ACCSC") at 30 June 2016. During the year, Ashmore partially disposed of its interest in ACCSC to Taiping Fund Management Company reducing Ashmore's equity interest to 15%, resulting in a reclassification to investment in associate.

	2017 £'000	2016 £'000
<b>Investment</b>		
At 1 July 2016	4,690	5,937
Disposals	(2,960)	-
Share of losses for the year	(260)	(1,767)
Revaluation of foreign joint venture	4	520
Reclassification to associate	(1,474)	-
At 30 June 2017	<u>-</u>	<u>4,690</u>
<b>Net book value</b>		
At 30 June 2017	<u>-</u>	<u>4,690</u>

#### 11. INVESTMENT IN ASSOCIATES

The Company owns a 15% equity stake in Taiping Fund Management Company (formerly known as Ashmore-CCSC Fund Management Company Limited ("ACCSC")).

	2017 £'000	2016 £'000
<b>Investment</b>		
At 1 July 2016	-	-
Reclassification from joint venture	1,474	-
Share of losses for the year	(562)	-
Revaluation of foreign associate	26	-
At 30 June 2017	<u>938</u>	<u>-</u>
<b>Net book value</b>		
At 30 June 2017	<u>938</u>	<u>-</u>

#### 12. TRADE AND OTHER RECEIVABLES

	2017 £'000	2016 £'000
Trade debtors	39,816	37,110
Amounts owed by group undertakings	<u>53,343</u>	<u>20,536</u>
	<u>93,159</u>	<u>57,646</u>

#### 13. TRADE AND OTHER PAYABLES

	2017 £'000	2016 £'000
<b>Amounts falling due within one year</b>		
Due to group undertakings	44,553	4,625
Corporation tax	8,454	20,522
Other creditors	<u>7,235</u>	<u>6,107</u>
	<u>60,242</u>	<u>31,254</u>

#### 14. DERIVATIVE FINANCIAL INSTRUMENTS

The Company uses option contracts to hedge its exposure to foreign currency risk. These hedges, which have been assessed as effective cash flow hedges as at 30 June 2017, protect a proportion of the Company's USD revenue cash flows from foreign exchange movements. The cumulative fair value of the outstanding foreign exchange hedges assets and liabilities are as follows:

	2017 £'000	2016 £'000
Derivative asset/(liability) at beginning of year	(4,478)	102
Net movement in the year	<u>4,770</u>	<u>(4,580)</u>
Derivative asset/(liability) at end of year	<u>292</u>	<u>(4,478)</u>

Included in the net movement in the year of £4.8m are crystallised losses on matured hedges of £4.3m and time value gains of £0.9m, which have been recognised in the statement of comprehensive income.



## 15. SHARE CAPITAL

	2017 £'000	2016 £'000
<b>Authorised:</b>		
35,000,000 (2016: 35,000,000) £1 ordinary shares	<u>35,000</u>	<u>35,000</u>
<b>Issued and fully paid:</b>		
35,000,000 (2016: 35,000,000) £1 ordinary shares	<u>35,000</u>	<u>35,000</u>

## 16. EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no significant events following the end of the reporting period.

## 17. PARENT UNDERTAKINGS

Ashmore Investments (UK) Limited incorporated in England, is the immediate holding company.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Ashmore Group plc. Copies of the Ashmore Group plc's consolidated financial statements can be obtained from U.K. Companies House.