

ASHMORE INVESTMENT MANAGEMENT LIMITED

REGISTERED NUMBER 3344281

ANNUAL REPORT AND ACCOUNTS

For the year ended 30 June 2019



ASHMORE INVESTMENT MANAGEMENT LIMITED

DIRECTORS' REPORT

The Directors present the 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 19 for the year ended 30 June 2019.

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 £122.5 million (2018: £101.8 million). Interim dividends of £126.6 million (2018: £95.9 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 (2018: 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 in Ashmore Group are disclosed in the Group 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
05 September 2019

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 8. The Company reported a profit after tax for the year of £122.5 million, compared to a profit after tax of £101.8 million for the year ended 30 June 2018. This increase was driven by an increase in net revenue of £21.5m and was due to strong net inflows of \$11.0bn in AUM as the economic and political fundamentals continued to develop positively across the diversified set of emerging countries.

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 2019, the Company's unaudited AuM was US\$78.0 billion (2018: US\$63.1 billion).

Net assets

The balance sheet is presented on page 9. The Company had net assets of £47.6 million as at 30 June 2019 compared to £52.2 million as at 30 June 2018. 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 2019.

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

A handwritten signature in black ink, appearing to be 'T Shippey', enclosed within a circular scribble.

Tom Shippey
Director
05 September 2019

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 2019 which comprise the Statement Of Comprehensive Income, Balance Sheet, Statement Of Changed In Equity and related notes, including the accounting policies in note 4.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 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.

Brexit other matter paragraph

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

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

Going concern

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

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

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

Other information

The directors are responsible for the other information, which comprises the strategic report and the directors' report.

Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information;
- in our opinion the information given in the strategic report and the directors' report 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.

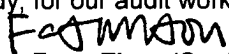
Auditor's responsibilities

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.

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

05 September 2019

ASHMORE INVESTMENT MANAGEMENT LIMITED
REGISTERED NUMBER 3344281
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 £'000	2018 £'000
Management fees		215,354	185,812
Performance fees		1,831	14,355
Other revenue		4,028	3,251
Total revenue		221,213	203,418
Distribution costs		(11,399)	(8,132)
Foreign exchange		5,964	(1,022)
Net revenue		215,778	194,264
Management charges payable to parent company		(61,838)	(67,022)
Administrative expenses	6	(3,637)	(1,622)
Operating profit		150,303	125,620
Finance income	7	672	344
Share of profit/(losses) from joint ventures and associates	13	(26)	(254)
Profit before tax		150,949	125,710
Tax expense	9	(28,408)	(23,896)
Profit for the year		122,541	101,814
Other comprehensive income/(loss), net of related tax effect			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange gains/(losses) on foreign operations		(558)	8
Cash flow hedge intrinsic value gains/(losses)		-	196
Other comprehensive income/(loss), net of tax		(558)	204
Total comprehensive income for the year		121,983	102,018

The notes on pages 11 to 19 form an integral part of these financial statements.

ASHMORE INVESTMENT MANAGEMENT LIMITED
REGISTERED NUMBER 3344281
BALANCE SHEET
AS AT 30 JUNE 2019

	Notes	2019 £'000	2018 £'000
Assets			
Non-current assets			
Investment in subsidiaries	12	1,428	1,428
Investment in associates	13	665	692
		2,093	2,120
Current assets			
Trade and other receivables	14	53,233	100,358
Cash and cash equivalents		40,497	7,114
		93,730	107,472
Total assets		95,823	109,592
Equity and liabilities			
Capital and reserves			
Issued capital	17	35,000	35,000
Retained earnings		12,611	16,663
Foreign exchange reserve		-	558
Total shareholders' funds		47,611	52,221
Liabilities			
Current liabilities			
Current tax	15	14,940	2,770
Trade and other payables	15	33,272	54,601
		48,212	57,371
Total liabilities		48,697	57,371
Total equity and liabilities		95,825	109,592

The notes on pages 11 to 19 form an integral part of these financial statements.

Approved by the Board on 05 September 2019 and signed on its behalf by:


Tom Shippey
 Director

ASHMORE INVESTMENT MANAGEMENT LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Issued capital £'000	Retained Earnings £'000	Cash flow hedging reserve £'000	Foreign exchange reserve £'000	Total shareholders' equity £'000
Balance at 30 June 2017	35,000	10,729	(196)	550	46,083
Profit for the year	-	101,814	-	-	101,814
Other comprehensive income/(loss):					
Cash flow hedge intrinsic value gains/(loss)	-	-	196	-	196
Foreign exchange gains/(losses) on foreign operations	-	-	-	8	8
Transaction with owners:					
Dividends to equity holders	-	(95,880)	-	-	(95,880)
Other items recognised directly in equity	-	-	-	-	-
Balance at 30 June 2018	35,000	16,663	-	558	52,221
Profit for the year	-	122,541			122,541
Other comprehensive income/(loss):					
Cash flow hedge intrinsic value gains/(loss)	-	-	-	-	-
Foreign exchange gains/(losses) on foreign operations	-	-	-	(558)	(558)
Transaction with owners:					
Dividends to equity holders	-	(126,593)			(126,593)
Other items recognised directly in equity	-	-	-	-	-
Balance at 30 June 2019	35,000	12,611	-	-	47,611

The notes on pages 11 to 19 form an integral part of these financial statements.

ASHMORE INVESTMENT MANAGEMENT LIMITED

Notes to the Financial Statements

For the year ended 30 June 2019

1. General information

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.

2. 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.

The financial statements are prepared on the historical cost basis except for financial instruments classified as fair value through the profit or loss. 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.

3. New standards, interpretations and amendments adopted

IFRS 15 Revenue from Contracts with Customers (IFRS 15) for the first time with effect from 1 July 2018.

The Company adopted IFRS 15 from 1 July 2018 which resulted in changes in the revenue recognition policies and disclosures. In accordance with the transition provisions in IFRS 15, the Company has adopted a modified retrospective approach from 1 July 2018 with no comparatives to be restated.

IFRS 15 supersedes IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. The standard introduces a five-step model for recognising revenue, which consists of identifying the contract with the customer; identifying the relevant performance obligations; determining the amount of consideration to be received under the contract; allocating the consideration to each performance obligation; and earning the revenue as the performance obligations are satisfied.

The Company has undertaken a comprehensive review of the terms and conditions of customer contracts across its business lines in order to determine, using the five-step model, the Company's performance obligations and the associated timing of each performance obligation. The review concluded that, while the basis of assessing revenue recognition is different to that used under IAS 18, the point at which revenue is recognised and measured has remained consistent. Based on this assessment, the Company has not identified any material adjustments on adoption of IFRS 15, and there is no material impact on the Company's reported results.

The Company has expanded its revenue recognition policy to describe the categories that better depict the nature of its revenues and clarify how the Company's revenues are identified and the point at which the revenue is recognised. The revenue accounting policy is set out in note 4.

New standards and interpretations not yet adopted

At the date of authorisation of these financial statements, the following standards and interpretations relevant to the Company's operations were issued by the International Accounting Standards Board (IASB) and included within FRS 101 Reduced Disclosure Framework, but are not yet mandatory and have not been early adopted by the Company.

IFRIC 23 Uncertainty over Income Tax Treatments

On 7 June 2017, the IASB issued IFRIC 23. The interpretation provides clarification as to how the recognition and measurement requirements of IAS 12 Income Tax should be applied. The Company has assessed the requirements of IFRIC 23 and does not expect it to have a material impact when it becomes effective on 1 July 2019.

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

4. Accounting policies

(a) 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)

(b) Going concern

The Company meets its day-to-day working capital requirements through its cash reserves. 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

(c) Investments in subsidiaries

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

(d) Investments in associated undertakings

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

(e) Net revenue

The Company's total revenue includes management fees, performance fees and other revenue. The primary revenue source for the Company is fee income which comprises the fair value of the consideration received or receivable for the provision of investment management services. Revenue is recognised in the statement of comprehensive income as and when the related services are provided. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Net revenue is total revenue less distribution costs and including foreign exchange. The Company's principal revenue recognition policies are summarised below:

Management fees

Management fees are presented net of rebates and sub-advisory fees, and are calculated as a percentage of net fund assets managed in accordance with individual management agreements. Management fees are recognised as the service is provided and it is probable that the fee will be collected. Where management fees are received in advance, they are recognised over the period of the provision of the asset management service.

Performance fees

Performance fees are presented net of rebates, and are calculated as a percentage of the appreciation in the net asset value of a fund above a defined hurdle. Performance fees are earned from some arrangements when contractually agreed performance levels are exceeded within specified performance measurement periods, typically over one year. They are only recognised where there is deemed to be a low probability of a significant reversal in future periods. This is usually at the end of the performance period or upon early redemption by a client.

Rebates

Rebates relate to repayments of management and performance fees charged subject to a rebate agreement, typically with institutional investors, are calculated based on an agreed percentage of net fund assets managed and recognised as the service is received. Where rebate agreements exist, management and performance fees are presented on a net basis in the consolidated statement of comprehensive income.

Other revenue

Other revenue principally comprises fees for other services, which are typically driven by levels of fund assets managed, along with revenues that vary in accordance with the volume of transactions. Other revenue includes transaction, structuring and administration fees, and reimbursement by funds of costs incurred by the Company. This revenue is recognised as the relevant service is provided and it is probable that the fee will be collected.

(f) Dividends

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

(g) Management charges payable to parent company

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

(h) 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 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'. Foreign currency gains and losses are reported on a net basis.

(i) Impairment

Financial assets

Trade receivables comprise balances due from management fees, performance fees, expense recoveries from funds managed, and are generally short term and do not contain financing components. Factors considered in determining whether a default has taken place include how many days past the due date a payment is, deterioration in the credit quality of a counterparty, and knowledge of specific events that could influence a counterparty's ability to pay. The Company assess lifetime expected credit losses based on historical observed default rates, adjusted by forward-looking estimates regarding the economic conditions within the next year.

For cash deposits held with banks, externally derived credit ratings have been identified as representing the best available determinant of counterparty credit risk. Credit risk is deemed to have increased significantly if the credit rating has significantly deteriorated at the reporting date relative to the credit rating at the date of initial recognition.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

(j) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss 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 on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries, associates and joint arrangements to the extent that they will probably not reverse in the foreseeable future. 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 balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

(k) Finance income and expense

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Finance income and expense includes interest receivable on the Company's cash and cash equivalents, unrealised realised gains/losses on cash flow hedges and interest expense.

(l) 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.

(m) 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.

(n) 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.

5. 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.

6. Administrative expenses

	2019 £'000	2018 £'000
Professional fees	1,403	674
Information technology and communications	361	204
Other expenses	1,873	7,44
	<u>3,637</u>	<u>1,622</u>

The Company did not have employees during the year (2018: nil).

7. Finance income

	2019 £'000	2018 £'000
Finance income		
Interest income	672	344
Total finance income	<u>672</u>	<u>344</u>
Finance expense	<u>-</u>	<u>-</u>
Net finance income	<u>672</u>	<u>344</u>

Interest income comprise interest on bank deposits and cash held daily dealing liquidity funds.

8. 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 2019 (2018: nil).

9. TAXATION

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

	2019 £'000	2018 £'000
Current tax		
UK corporation tax on profits for the year	27,604	23,213
Overseas corporation tax charge	538	361
Adjustments in respect of prior years	266	322
	<u>28,408</u>	<u>23,896</u>
Deferred tax		
Origination and reversal of temporary differences	-	-
Adjustments in respect of prior years	-	-
Effect of changes in corporation tax rates	-	-
Total tax charge	<u>28,408</u>	<u>23,896</u>
Factors affecting tax charge for the year		
	2019 £'000	2018 £'000
Profit on ordinary activities before tax	<u>150,949</u>	<u>125,710</u>
Current tax using the average standard rate of corporation tax in the UK of 19% (2018: 19%)	28,680	23,885
Non-taxable income	(570)	(372)
(Gain)/loss on associate	5	48
Non-deductible expenses	27	13
Adjustments in respect of prior years	266	322
Total tax charge	<u>28,408</u>	<u>23,896</u>

The 2019 tax charge is higher than 2018 (2018: higher than 2017) resulting from an increased in profits.

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.

10. DIVIDENDS

Interim dividends of £126.6 million (2018: £95.9 million) were declared and paid during the year.

11. 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 2019 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	8.5	Unit 101, Building No.5, 135 Handan Road, Shanghai, China

12. INVESTMENT IN SUBSIDIARIES

The Company currently owns 66.67% (2018: 66.67%) of the equity share capital of PT Ashmore Asset Management Indonesia ("Ashmore Indonesia").

	2019 £'000	2018 £'000
Investment		
At 1 July 2018	1,428	1,800
Additions	-	-
Disposals	-	(372)
At 30 June 2019	<u>1,428</u>	<u>1,428</u>
Net book value		
At 30 June 2019	<u>1,428</u>	<u>1,428</u>

13. INVESTMENT IN ASSOCIATES

The Company owns an 8.5% equity stake in Taiping Fund Management Company which is classified as an associate. The movement in the carrying value of the associate during the year is as follows:

	2019 £'000	2018 £'000
Carrying value		
At 1 July 2018	692	938
Share of losses for the year	(26)	(254)
Foreign exchange gain/(loss)	(1)	8
At 30 June 2019	<u>665</u>	<u>692</u>

14. TRADE AND OTHER RECEIVABLES

	2019 £'000	2018 £'000
Trade debtors	52,186	44,376
Amounts owed by group undertakings	1,047	55,982
	<u>53,233</u>	<u>100,358</u>

15. TRADE AND OTHER PAYABLES

	2019 £'000	2018 £'000
Amounts falling due within one year		
Due to group undertakings	21,061	43,677
Corporation tax	14,940	2,770
Other creditors	12,211	10,924
	<u>48,212</u>	<u>57,371</u>

16. DERIVATIVE FINANCIAL INSTRUMENTS

At 30 June 2019, there were no hedging instruments held by the Company. All hedging transactions are now undertaken directly by Ashmore Group Plc.

	2019 £'000	2018 £'000
Derivative asset/(liability) at beginning of year	-	292
Net movement in the year	-	(292)
Derivative asset/(liability) at end of year	<u>-</u>	<u>-</u>

17. SHARE CAPITAL

	2019 £'000	2018 £'000
Authorised:		
35,000,000 (2018: 35,000,000) £1 ordinary shares	<u>35,000</u>	<u>35,000</u>
Issued and fully paid:		
35,000,000 (2018: 35,000,000) £1 ordinary shares	<u>35,000</u>	<u>35,000</u>

18. EVENTS AFTER THE END OF THE REPORTING PERIOD

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

19. 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 at the Ashmore registered address, 61 Aldwych, London, WC2B 4AE as well as U.K. Companies House.