

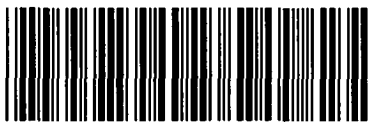
INVESTEC ASSET MANAGEMENT LIMITED

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(Registration number: 2036094)

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INVESTEC ASSET MANAGEMENT LIMITED**DIRECTORS' RESPONSIBILITY STATEMENT FOR THE FINANCIAL STATEMENTS**

For the year ended 31 March 2018

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

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

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 IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

INVESTEC ASSET MANAGEMENT LIMITED**DIRECTORS' REPORT**

For the year ended 31 March 2018

The directors present their report and the audited financial statements for the year ended 31 March 2018.

Legal form and domicile

The Company is domiciled in the United Kingdom and its principal place of business is Woolgate Exchange, 25 Basinghall Street, London, EC2V 5HA, United Kingdom.

Share capital

Share capital is 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 Investec Group Long Term Incentive Plan.

INVESTEC ASSET MANAGEMENT LIMITED**DIRECTORS' REPORT**

For the year ended 31 March 2018

Directors

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

H S Herman	(Chairman)
H J du Toit	(Chief Executive)
Lord Flight	
N P Gosa	
B Kantor	
I R Kantor	
S Koseff	
K M McFarland	
R B Saunders	
K Shuenyane	(appointed 3 November 2017)
B Tapnack	
F Titi	

Holding company

The holding company is Investec plc which is incorporated in England & Wales.

Post balance sheet events

During May 2018, the directors proposed and approved a dividend of £38,000,000.

By order of the board of directors:



T Vero
Secretary
6 June 2018

INVESTEC ASSET MANAGEMENT LIMITED**STRATEGIC REPORT**

For the year ended 31 March 2018

The Company is the holding company of the Investec Asset Management (United Kingdom and International) group of companies and 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 its principal trading subsidiaries and other Investec Asset Management subsidiaries. The Company is authorised and regulated by the Financial Conduct Authority. In addition, the Securities and Exchange Commission regulates the Company's activities in the United States of America.

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

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

Assets under management for the UK and international operations, increased from £61.4 billion at 31 March 2017 to £69.4 billion at 31 March 2018 determined on a net managed basis. Subject to there being no significant setback in global financial markets, there is every prospect that the business will prosper in the coming year.

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

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.

By order of the board of directors:



T Vero
Secretary
6 June 2018

INVESTEC ASSET MANAGEMENT LIMITED**INDEPENDENT AUDITOR'S REPORT**

For the year ended 31 March 2018

To the members of Investec Asset Management Limited

Opinion

We have audited the financial statements of Investec Asset Management Limited ("the company") for the year ended 31 March 2018 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 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- 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 1, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view. They are also 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; 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.

INVESTEC ASSET MANAGEMENT LIMITED**INDEPENDENT AUDITOR'S REPORT**

For the year ended 31 March 2018


Auditor's responsibilities

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

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

The purpose of our audit work and to whom we owe our responsibilities

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



Jatin Patel (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
6 June 2018

INVESTEC ASSET MANAGEMENT LIMITED
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2018

	<i>Notes</i>	2018 £'000	2017 £'000
Service fees		228,731	191,705
Interest income		102	52
Dividend income from subsidiaries		48,465	35,287
Revenue		277,298	227,044
Investment and administration expenses		(164,769)	(155,025)
Foreign exchange (loss)/gain		(2,112)	2,735
Fair value adjustment on investments designated at fair value through profit or loss		1,190	6,719
Profit from operations before tax	2	111,607	81,473
Income tax expense	3	(12,458)	(9,774)
Profit from operations after tax		99,149	71,699
Other comprehensive income			
Revaluation of pension fund asset	16 (b)	580	(2,667)
Current tax on revaluation of pension fund asset		-	-
Deferred tax on revaluation of pension fund asset	7	(99)	498
Current tax on share options vested		10	36
Deferred tax on share options vested	7	(6)	(67)
Total comprehensive income for the year		99,634	69,499

INVESTEC ASSET MANAGEMENT LIMITED**STATEMENT OF FINANCIAL POSITION**

At 31 March 2018

	Notes	2018 £'000	2017 £'000
Assets			
Investments in subsidiaries	5	37,259	36,369
Property and equipment	6	506	520
Deferred tax asset	7	12,946	9,595
Pension fund asset	16 (b)	2,625	2,075
Total non-current assets		53,336	48,559
Trade receivables	17	30,704	28,376
Other receivables		3,651	3,452
Investments	8	45,832	43,266
Cash and cash equivalents	9	120,424	96,593
Amounts receivable from group companies	13	22,835	10,703
Total current assets		223,446	182,390
Total assets		276,782	230,949
Equity			
Share capital	10	11,860	11,860
Share premium		40,810	56,810
Retained earnings		49,334	15,000
Total equity		102,004	83,670
Liabilities			
Other liabilities	11	42,252	43,487
Total non-current liabilities		42,252	43,487
Other liabilities	11	9,905	5,750
Trade and other payables	12	95,511	86,412
Amounts payable to group companies	13	1,171	933
Income tax payable		25,939	10,697
Total current liabilities		132,526	103,792
Total equity and liabilities		276,782	230,949

The financial statements were approved by the board of directors on 6 June 2018 and signed on its behalf by:


H J du Toit
Director

K M McFarland
Director

INVESTEC ASSET MANAGEMENT LIMITED**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 March 2018

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
2018				
Opening balance	11,860	56,810	15,000	83,670
Total comprehensive income for the year			99,634	99,634
Transfer from share premium to retained earnings		(16,000)	16,000	-
Dividends paid			(81,300)	(81,300)
Closing balance	11,860	40,810	49,334	102,004
2017				
Opening balance	11,860	57,810	9,101	78,771
Total comprehensive income for the year			69,499	69,499
Transfer from share premium to retained earnings		(1,000)	1,000	-
Dividends paid			(64,600)	(64,600)
Closing balance	11,860	56,810	15,000	83,670

INVESTEC ASSET MANAGEMENT LIMITED
STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities			
Profit from operations before tax		111,607	81,473
Adjusted for:			
Fair value adjustment on investments designated at fair value through profit or loss		(1,190)	(6,719)
Depreciation	6	284	299
Net return of pension fund	16 (b)	30	(46)
Interest income		(102)	(52)
Foreign exchange loss/(gain)		2,112	(2,735)
Operating profit before working capital changes		112,741	72,220
Working capital changes:			
Trade receivables		(2,328)	730
Other receivables		(199)	280
Amounts receivable from group companies		(12,132)	(4,139)
Foreign exchange (loss)/gain related to receivables and payables		(2,112)	2,735
Other liabilities		2,920	13,256
Trade and other payables		9,099	4,593
Amounts payable to group companies		238	607
Cash flow from operations		108,227	90,282
Interest received		102	52
Income tax paid		(662)	(8,179)
Balance at beginning of year		(10,697)	(8,771)
Current tax	3	(15,914)	(10,141)
Current tax on share options vested		10	36
Balance at end of year		25,939	10,697
Net cash flows from operating activities		107,667	82,155
Cash flows from investing activities			
Net acquisition of investments		(1,376)	(4,929)
Investment in subsidiary	5	(890)	-
Additions to property and equipment	6	(270)	(365)
Net cash flows from investing activities		(2,536)	(5,294)
Cash flows from financing activities			
Dividends paid		(81,300)	(64,600)
Net cash flows from financing activities		(81,300)	(64,600)
Net change in cash and cash equivalents		23,831	12,261
Cash and cash equivalents at beginning of year		96,593	84,332
Cash and cash equivalents at end of year	9	120,424	96,593

INVESTEC ASSET MANAGEMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2018

1 Significant accounting policies

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

Basis of preparation

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

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

Judgements made by management in the application of IFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next period are shown in notes 5 and 16. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Forthcoming requirements

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

- IFRS 15 Revenue from contracts with customers applies two approaches to recognising revenue: at a point in time or over time. It includes a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The standard is effective for annual periods beginning on or after 1 January 2018. On implementation, the Company will apply the full retrospective approach. Key matters arising from management's assessment relate to the determination of when performance obligations are satisfied, but the impact is not expected to be significant.

- IFRS 9 Financial instruments changes the criteria for classification and the measurement bases of financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. It also replaces the incurred loss model in IAS 39 with a forward-looking expected credit loss (ECL) model defined as either the results of possible default within 12 months or all possible default events over the life of a financial instrument. The standard is effective for annual periods beginning on or after 1 January 2018. Based on its assessment, the Company does not expect the new classification requirements or the impact of expected credit losses to have a material impact on its financial instruments.

- IFRS 16 Leases replaces IAS 17 Leases and sets out the principles for recognition, measurement, presentation and disclosure of leases for lessees and lessors. It has one model for lessees and will result in almost all leases being included on the statement of financial position. The standard is effective for annual periods beginning on or after 1 January 2019, with retrospective application. The impact of this standard is still being assessed. These standards will be adopted when effective.

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 Investec plc, a company incorporated in England & Wales. Investec plc prepares consolidated financial statements.

Investments in subsidiary companies

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

Revenue

Revenue includes service fees (management fees and performance fees), interest income and dividend income from subsidiaries. It excludes value added tax. Management fees are recognised as services are rendered. Performance fees are recognised when they become receivable. Interest income is recognised on an accrual basis. Dividend income from subsidiaries is recognised when the Company becomes entitled to receive the dividend. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

INVESTEC ASSET MANAGEMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2018

Operating leases

Operating lease expense is recognised on a straight line basis over the period of the lease.

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	Over the term of the lease

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. 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.

Investments designated at fair value through profit or loss

Investments are designated at fair value through profit or loss and 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.

Loans and receivables

Loans and receivables comprise trade receivables, cash and cash equivalents and amounts receivable from group companies and are stated at amortised cost using the effective interest rate method, less any impairment losses. Receivables with a short duration are not discounted.

Financial liabilities

Financial liabilities comprise other 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 rate 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 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 assets.

INVESTEC ASSET MANAGEMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2018

Pension schemes

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

Share based payment arrangements

The Investec group operates a share option scheme involving share options in Investec Limited and Investec plc. The share option scheme, which is on an equity settled basis, allows the Company's employees to acquire shares of Investec plc. 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.

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.

	2018 £'000	2017 £'000
2 Profit from operations before tax		
is arrived at after taking into account:		
Operating lease expense	<u>5,074</u>	<u>4,817</u>
3 Income tax expense		
Current tax - current year	15,716	10,758
Current tax - adjustment for prior years	<u>198</u>	<u>(617)</u>
	<u>15,914</u>	<u>10,141</u>
Deferred tax - current year	(3,602)	(1,425)
Deferred tax - adjustment for prior years	<u>(232)</u>	<u>649</u>
Deferred tax - change in corporate tax rate	378	409
	<u>(3,456)</u>	<u>(367)</u>
	<u>12,458</u>	<u>9,774</u>

INVESTEC ASSET MANAGEMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2018

	2018	2017
	%	%
Reconciliation of effective tax rate		
Effective rate of taxation	11.2	12.0
Expenses not deductible for tax purposes	(0.2)	(0.2)
Exempt income	8.2	8.7
Adjustment to tax charge in respect of prior year	(0.2)	(0.5)
United Kingdom standard tax rate	19.0	20.0
	£'000	£'000

4 Information regarding directors and employees

Directors' remuneration:

Emoluments (including benefits in kind)

8,094 6,958

Highest paid director:

Emoluments (including benefits in kind)

6,088 5,098

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

Employee costs, excluding directors, during the year:

Gross salaries

110,635 110,756

Social security costs

14,945 13,850

Other pension costs

3,211 3,206

128,791 127,812

The average number of persons employed by the Company, including directors, during the year was 409 (2017: 408).

5 Investments in subsidiaries

Opening balance

36,369 36,369

Addition - Investec Asset Management Luxembourg S.A.

890 -

Closing balance

37,259 36,369

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

Name of company	Country of incorporation		
Investec Asset Management Guernsey Limited	Guernsey	24,504	24,504
Investec Fund Managers Limited	England & Wales	4,000	4,000
Investec Asset Management North America, Inc.	Delaware, US	3,815	3,815
Investec Asset Management Luxembourg S.A.	Luxembourg	4,927	4,037
Investec Asset Management Switzerland GmbH	Switzerland	13	13
		37,259	36,369

The Company holds 100% of the voting rights of all its subsidiaries.

INVESTEC ASSET MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

6 Property and equipment

	Leasehold improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
2018				
Cost				
Opening balance	115	4,898	58	5,071
Additions	-	150	120	270
Closing balance	115	5,048	178	5,341
Accumulated depreciation				
Opening balance	(85)	(4,408)	(58)	(4,551)
Depreciation	(30)	(254)	-	(284)
Closing balance	(115)	(4,662)	(58)	(4,835)
Closing net book value	-	386	120	506
2017				
Cost				
Opening balance	115	4,533	58	4,706
Additions	-	365	-	365
Closing balance	115	4,898	58	5,071
Accumulated depreciation				
Opening balance	(50)	(4,144)	(58)	(4,252)
Depreciation	(35)	(264)	-	(299)
Closing balance	(85)	(4,408)	(58)	(4,551)
Closing net book value	30	490	-	520

	2018 £'000	2017 £'000
7 Deferred tax asset		
Accelerated capital allowances	625	683
Employee incentive scheme	106	109
Deferred compensation payments	12,659	9,147
Pension fund	(446)	(353)
Share options	2	9
	12,946	9,595
Opening balance	9,595	8,797
Deferred tax charge to profit from operations (note 3)	3,456	367
Deferred tax charge to other comprehensive income:		
Deferred tax on revaluation of pension fund asset	(99)	498
Deferred tax on share options vested	(6)	(67)
Closing balance	12,946	9,595

INVESTEC ASSET MANAGEMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2018

	2018 £'000	2017 £'000
8 Investments		
Deferred compensation investments	<u>45,832</u>	<u>43,266</u>
9 Cash and cash equivalents		
Cash on hand	1	1
Current account (Citibank: A rated)	12,203	10,469
Investec Global Strategy Fund - Sterling Money Fund (AAAf rated)	<u>108,220</u>	<u>86,123</u>
	<u>120,424</u>	<u>96,593</u>
10 Share capital		
<i>Issued and fully paid</i>		
1,000,000 ordinary shares of £11.86 each (2017: 11,860,000 ordinary shares of £1 each)	<u>11,860</u>	<u>11,860</u>
On 24 August 2017 the share capital of the Company was consolidated into 1 million shares on the basis of 1 new share for every 11.86 shares currently held.		
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.		
11 Other liabilities		
Non-current deferred compensation liabilities	42,252	43,487
Current deferred compensation liabilities	<u>9,905</u>	<u>5,750</u>
	<u>52,157</u>	<u>49,237</u>
The above liabilities include employer's National Insurance.		
12 Trade and other payables		
Employee related payables	86,719	79,987
Trade payables	<u>8,792</u>	<u>6,425</u>
	<u>95,511</u>	<u>86,412</u>
13 Related parties		
Identity of related parties		
The Company has a related party relationship with companies in the Investec Limited group, Investec plc group and with its directors.		
Transactions with key management personnel		
Directors are considered to be the only key management personnel. Compensation paid to directors is disclosed in note 4.		
Transactions with the holding company		
There were no transactions with the holding company other than the dividend paid as shown in the statement of changes in equity.		
Transactions with fellow subsidiaries		
Service fees	107,968	95,330
Investment and administration expenses (net recovered)	<u>12,873</u>	<u>2,051</u>
Balances with related parties		
Amounts receivable from fellow subsidiaries	22,835	10,703
Amounts payable to fellow subsidiaries	<u>(1,171)</u>	<u>(933)</u>
All amounts outstanding are unsecured, interest free, due on demand and will be settled through the normal operations of the Company.		

INVESTEC ASSET MANAGEMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2018

14 Operating leases

At the reporting date, the Company had operating lease contracts for its office space that expires in June 2020. Future minimum lease payments were as follows:

	2018 £'000	2017 £'000
Within one year	5,400	5,139
Between one and five years	6,769	11,575
Between five and ten years	-	26
	<u>12,169</u>	<u>16,740</u>

15 Share based payments

The Investec group operates a share option scheme for employees, which is on an equity settled basis. The purpose of the staff share option scheme is to promote an 'esprit de corps' within the organisation, create an awareness of Investec's performance and provide an incentive to maximise individual and group performance by allowing staff to share in the risks and rewards of the group. Further information on the group share options and long-term incentive plans are provided in the remuneration report of the combined consolidated financial statements of Investec plc and Investec Limited for the year ended 31 March 2018; these financial statements also incorporate the results of the Company.

Expense charged to statement of comprehensive income: Equity-settled

329 440

Fair value of share options at grant date, granted in the year

690 164

	2018		2017	
	Number of	Weighted	Number of	Weighted
	share	average	share	average
	options	exercise	options	exercise
		price		price
Outstanding at start of the year	226,049	£ -	434,545	£ -
Relocation of employees during the year	(4,350)	£ -	(250)	£ -
Granted during the year	133,957	£ -	32,800	£ -
Exercised during the year	(69,357)	£ -	(229,984)	£ -
Lapsed during the year	(17,138)	£ -	(11,062)	£ -
Outstanding at end of the year	<u>269,161</u>	<u>£ -</u>	<u>226,049</u>	<u>£ -</u>
Exercisable at end of year	2,248	£ -	-	£ -

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

	2018	2017
Exercise price range	£ -	£ -
Weighted average remaining contractual life	2.52 Years	2.07 Years

INVESTEC ASSET MANAGEMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2018

16 Pension costs**Defined benefit schemes**

- (a) The Company participated in the Guinness Mahon Group Pension Scheme which was a non-contributory defined benefit scheme and its assets were held in separate trustee administered funds. During the year this scheme entered into a buy-out with the assets and liabilities being transferred to the insurer Aviva. Members now receive their pension from Aviva and the Company has no remaining liability relating to this scheme.
- (b) The Company participates in the Investec Asset Management Pension Scheme, which is a non-contributory defined benefit scheme. The scheme has been valued at 31 March 2018 by qualified independent actuaries.

	2018	2017
The major assumptions used were:		
Inflation assumption	3.2%	3.2%
Rate of increase in pensions in payment for post 1997 service	3.2%	3.2%
Rate of increase in pensionable salaries	3.2%	3.2%
Discount rate	2.7%	2.5%
	£'000	£'000
Analysis of movements during the year:		
Net assets in scheme at beginning of the year	2,075	4,696
Net return recognised in profit before tax	(30)	46
Actuarial losses recognised in other comprehensive income	580	(2,667)
Net assets in scheme at end of the year	2,625	2,075
The following amounts have been included in the statement of comprehensive income:		
Current service cost	(81)	(111)
Total operating charge	(81)	(111)
Expected return on pension scheme assets	505	725
Interest on pension scheme liabilities	(455)	(568)
Net return	50	157
The net pension asset in respect of the scheme was:		
Investec Diversified Growth Fund	18,653	21,637
Trustees bank account	80	12
Total fair value of assets	18,733	21,649
Present value of liabilities	(16,108)	(19,574)
Net assets in the scheme	2,625	2,075

INVESTEC ASSET MANAGEMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 March 2018

17 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 Investec Asset 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 Risk Committee meets once every two months and risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Investec Asset Management Global Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit 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 loans and receivables. The maximum exposure to credit risk is represented by the carrying value of loans and receivables.

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

	2018	2017
	£'000	£'000
Less than 30 days	29,034	27,413
Between 30 and 60 days	886	30
More than 60 days	784	933
	<u>30,704</u>	<u>28,376</u>

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

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

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 which are contractually due on demand. All amounts are unsecured and interest free.

Market risk

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

Currency risk: The Company is exposed to currency risk on portions of its trade receivables, amounts payable to group companies, cash and cash equivalents and trade payables. Outstanding amounts are regularly monitored and settled to mitigate currency exposures.

INVESTEC ASSET MANAGEMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 March 2018

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 only interest-bearing financial instruments were cash and cash equivalents, which are variable rate instruments. This was also the case at the previous year end.

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: £2,337,094 (2017: £2,216,500). 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: £120,424 (2017: £96,593). 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.

INVESTEC ASSET MANAGEMENT LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (unaudited)**

For the year ended 31 March 2018

	2018 £'000	2017 £'000
Service fees	355,821	308,084
Interest income	242	111
Revenue	356,063	308,195
Investment and administration expenses	(248,449)	(225,466)
Foreign exchange (loss)/gain	(5,189)	3,221
Fair value adjustment on investments designated at fair value through profit or loss	1,492	5,313
Profit from operations before tax	103,917	91,263
Income tax expense	(17,401)	(15,222)
Profit from operations after tax	86,516	76,041
Other comprehensive income		
Revaluation of pension fund asset	580	(2,667)
Current tax on revaluation of pension fund asset	-	-
Deferred tax on revaluation of pension fund asset	(99)	498
Current tax on share options vested	10	36
Deferred tax on share options vested	(6)	(67)
Total comprehensive income for the year	87,001	73,841

INVESTEC ASSET MANAGEMENT LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (unaudited)**

At 31 March 2018

	2018 £'000	2017 £'000
Assets		
Investment in joint venture	80	-
Property and equipment	1,310	1,670
Deferred tax asset	13,085	9,751
Pension fund asset	2,625	2,075
Total non-current assets	17,100	13,496
Trade receivables	115,209	127,782
Other receivables	5,656	5,030
Investments	58,238	52,236
Cash and cash equivalents	215,079	181,552
Amounts receivable from group companies	11,999	15,643
Total current assets	406,181	382,243
Total assets	423,281	395,739
Equity		
Share capital	11,860	11,860
Share premium	40,810	56,810
Retained earnings	59,939	39,230
Total equity	112,609	107,900
Liabilities		
Other liabilities	50,390	51,239
Total non-current liabilities	50,390	51,239
Other liabilities	15,885	8,205
Trade and other payables	206,845	211,620
Amounts payable to group companies	5,790	2,734
Income tax payable	31,762	14,041
Total current liabilities	260,282	236,600
Total equity and liabilities	423,281	395,739