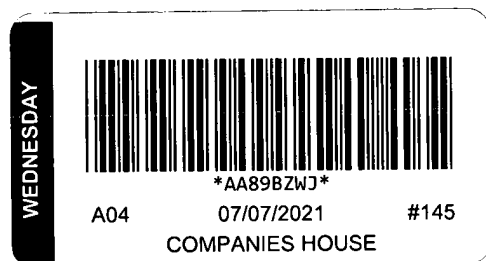


**NINETY ONE FUND MANAGERS UK LIMITED**  
(formerly Investec Fund Managers Limited)

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2021**

**(Registration number: 02392609)**



**NINETY ONE FUND MANAGERS UK LIMITED**  
**DIRECTORS' RESPONSIBILITY STATEMENT FOR THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2021

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

**NINETY ONE FUND MANAGERS UK LIMITED**

**DIRECTORS' REPORT**

For the year ended 31 March 2021

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

**Name change**

On 28 May 2020, the name of the Company changed from Investec Fund Managers Limited to Ninety One Fund Managers UK Limited.

**Legal form and domicile**

The Company is domiciled in the United Kingdom. On 27 April 2020 the Company changed its principal place of business from Woolgate Exchange, 25 Basinghall Street, London, EC2V 5HA, United Kingdom to 55 Gresham Street, London, EC2V 7EL, United Kingdom.

**Share capital**

Share capital 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.

**Directors**

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

D J Aird  
K R Alcock  
A J Fletcher  
J C Green  
K M McFarland  
J T McNab  
N A S Smith (appointed 1 March 2021)  
R B Saunders

**Holding company**

The holding and ultimate holding companies are Ninety One UK Limited and Ninety One plc respectively, both companies incorporated in England & Wales.

**Events after the reporting date**

Refer to note 11 to the financial statements.

By order of the board of directors:

*Virginia Duncan*

V Duncan  
Secretary  
17 June 2021

**NINETY ONE FUND MANAGERS UK LIMITED**

**STRATEGIC REPORT**

For the year ended 31 March 2021

The Company is an asset management company and is engaged in the business of managing investment portfolios on behalf of mutual fund clients through collective investment schemes known as Open Ended Investment Companies (OEICs). During the year the Company ceased to be the Alternative Investment Fund Manager of Temple Bar Investment Trust plc.

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

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

Both the level of business and the year end financial position are satisfactory, and the Company is expected to continue to pursue its current activities for the foreseeable future. The Company is authorised and regulated by the Financial Conduct Authority.

OEIC assets under management increased over the year from £10.0 billion to £11.8 billion.

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

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

**Section 172 statement**

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

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

The directors understand that the Company's stakeholders, being its clients, people and shareholder, are integral to the success of the Company. The directors conduct stakeholder engagement to aid in the achievement of their strategic objectives. The Company relies on its reputation with its clients for its continued success. The directors prioritise and take a close interest in the Company's ability to deliver consistently for its clients, and to ensure it maintains high standards of ethical conduct. When making decisions, the directors take a long-term view in reaching key decisions, and look to act in the interests of all stakeholders.

Details of engagements with stakeholders by the Ninety One group board are disclosed in the Strategic Report to the Ninety One Integrated Annual Report 2021, which can be found at <https://ninetyone.com/en/investor-relations>.

By order of the board of directors:

*Virginia Duncan*

V Duncan  
Secretary  
17 June 2021

## **NINETY ONE FUND MANAGERS UK LIMITED**

### **INDEPENDENT AUDITOR'S REPORT**

For the year ended 31 March 2021

To the member of Ninety One Fund Managers UK Limited

#### **Opinion**

We have audited the financial statements of Ninety One Fund Managers UK Limited ("the Company") for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Going concern**

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

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

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

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

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

- enquiring of directors, the Ninety One DLC group audit and risk committee, internal audit and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- reading Board, Ninety One DLC group audit and risk, and remuneration committee minutes; and
- using analytical procedures to identify any unusual or unexpected relationships.

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

**NINETY ONE FUND MANAGERS UK LIMITED**

**INDEPENDENT AUDITOR'S REPORT**

For the year ended 31 March 2021

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

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

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

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

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

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

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

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

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

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

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

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

**NINETY ONE FUND MANAGERS UK LIMITED**

**INDEPENDENT AUDITOR'S REPORT**

For the year ended 31 March 2021

**Strategic report and directors' report**

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

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

**Matters on which we are required to report by exception**

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

**Directors' responsibilities**

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

**Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](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 member 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 member 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 member, as a body, for our audit work, for this report, or for the opinions we have formed.

*Jatin Patel*

**Jatin Patel (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL  
17 June 2021

**NINETY ONE FUND MANAGERS UK LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 31 March 2021

		<b>2021</b>	<b>2020</b>
	<i>Notes</i>	<b>£'000</b>	<b>£'000</b>
Revenue	2	<b>85,004</b>	96,847
Commission expense		<b>(17,114)</b>	(21,673)
<b>Net revenue</b>		<b>67,890</b>	75,174
Interest (expense)/income		<b>(12)</b>	60
Investment and administration expenses		<b>(61,028)</b>	(65,111)
Fair value adjustment on investments at fair value through profit or loss		<b>97</b>	(32)
Foreign exchange (loss)/gain		<b>(25)</b>	1
<b>Profit from operations before tax</b>	3	<b>6,922</b>	10,092
Income tax expense	4	<b>(1,320)</b>	(1,917)
<b>Profit and total comprehensive income for the year</b>		<b>5,602</b>	8,175




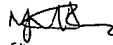
**NINETY ONE FUND MANAGERS UK LIMITED****STATEMENT OF FINANCIAL POSITION**

At 31 March 2021

	<i>Notes</i>	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
<b>Assets</b>			
Trade receivables		<b>8,892</b>	8,515
Other receivables		<b>581</b>	499
Investments	6	<b>146</b>	232
Cash and cash equivalents	7	<b>16,624</b>	11,495
Amounts receivable from group companies	9	<b>216</b>	100
Income tax receivable		<b>112</b>	82
Subscription accounts receivable		<b>67,882</b>	56,963
<b>Total current assets</b>		<b>94,453</b>	77,886
<b>Total assets</b>		<b>94,453</b>	77,886
<b>Equity</b>			
Share capital	8	<b>4,000</b>	4,000
Retained earnings		<b>11,814</b>	6,212
<b>Total equity</b>		<b>15,814</b>	10,212
<b>Liabilities</b>			
Amounts payable to group companies	9	<b>5,595</b>	3,925
Trade and other payables		<b>8,336</b>	9,950
Subscription accounts payable		<b>48,802</b>	30,710
Subscription cash		<b>15,906</b>	23,089
<b>Total current liabilities</b>		<b>78,639</b>	67,674
<b>Total equity and liabilities</b>		<b>94,453</b>	77,886

The financial statements were approved by the board of directors on 17 June 2021 and signed on its behalf by:

  
 \_\_\_\_\_  
 K M McFarland  
 Director

  
 \_\_\_\_\_  
 N A S Smith  
 Director

**NINETY ONE FUND MANAGERS UK LIMITED****STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 March 2021

	<b>Share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total equity £'000</b>
<b>2021</b>			
Opening balance	4,000	6,212	10,212
Profit and total comprehensive income for the year		5,602	5,602
Dividends paid		-	-
Closing balance	<b>4,000</b>	<b>11,814</b>	<b>15,814</b>
<b>2020</b>			
Opening balance	4,000	9,302	13,302
Profit and total comprehensive income for the year		8,175	8,175
Dividends paid		(11,265)	(11,265)
Closing balance	<b>4,000</b>	<b>6,212</b>	<b>10,212</b>

**NINETY ONE FUND MANAGERS UK LIMITED****STATEMENT OF CASH FLOWS**

For the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
<b>Cash flows from operating activities</b>			
Profit from operations before tax		6,922	10,092
Adjusted for:			
Interest expense/(income)		12	(60)
Foreign exchange loss/(gain)		25	(1)
Fair value adjustment on investments at fair value through profit or loss		(97)	32
Operating profit before working capital changes		6,862	10,063
Working capital changes:			
Trade receivables		(377)	1,038
Other receivables		(82)	(178)
Amounts receivable from group companies		(116)	68
Subscription accounts receivable		(10,919)	12,438
Foreign exchange (loss)/gain related to receivables and payables		(25)	1
Amounts payable to group companies		1,670	(1,737)
Trade and other payables		(1,614)	(2,799)
Subscription accounts payable		18,092	(23,966)
Subscription cash		(7,183)	11,554
Cash flows from operations		6,308	6,482
Interest (paid)/received		(12)	60
Income tax paid		(1,350)	(2,910)
Balance at beginning of year		82	(911)
Current tax	4	(1,320)	(1,917)
Balance at end of year		(112)	(82)
<b>Net cash flows from operating activities</b>		<b>4,946</b>	<b>3,632</b>
<b>Cash flows from investing activities</b>			
Net disposal/(acquisition) of investments		183	(58)
<b>Net cash flows from investing activities</b>		<b>183</b>	<b>(58)</b>
<b>Cash flows from financing activities</b>			
Dividends paid		-	(11,265)
<b>Net cash flows from financing activities</b>		<b>-</b>	<b>(11,265)</b>
Net change in cash and cash equivalents		5,129	(7,691)
Cash and cash equivalents at beginning of year		11,495	19,186
<b>Cash and cash equivalents at end of year</b>	7	<b>16,624</b>	<b>11,495</b>

## **NINETY ONE FUND MANAGERS UK LIMITED**

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

For the year ended 31 March 2021

#### **1 Significant accounting policies**

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

##### **Basis of preparation**

The financial statements have been prepared on a going concern basis, in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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

There were no judgements or estimates made by management in the application of international accounting standards that have a significant effect on the financial statements.

##### **Going concern**

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

##### **Forthcoming requirements**

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

- Amendments to IAS 1 Presentation of financial statements "Classification of liabilities as current or non-current" clarify the requirements on determining if a liability is current or non-current, in particular the determination of whether an entity has the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2023.

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

##### **Revenue**

Revenue includes service fees (management fees). It excludes value added tax. Service fees are revenue from contracts within the scope of IFRS 15 Revenue from contracts with customers.

The Company recognises revenue when or as it satisfies a performance obligation by transferring promised services to customers in an amount to which the Company expects to be entitled in exchange for those services. The Company includes variable considerations in revenue when significant reversal thereof is no longer highly probable. The Company is deemed to be the principal in its contracts with customers because the Company controls the promised services before they are transferred to customers, and accordingly presents the revenue gross of related costs.

The performance obligation for service fees is the provision of investment management services. The performance obligation is satisfied and management fees are recognised over time as services are rendered.

Management fees are a form of variable consideration, however, there is no significant judgement or estimation involved as the transaction price is equal to the amount determined at the end of each measurement period and is equal to the amount billed to the customer as per contractual agreements.

The Company uses the output method to recognise revenue, applying the practical expedient that allows an entity to recognise revenue in the amount to which the entity has a right to invoice if that consideration corresponds directly with the value to the customer of the entity's performance completed to date.

##### **Commission expense**

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

##### **Other income**

Interest income is recognised on an accrual basis using the effective interest method (in accordance with the requirements of IFRS 9 Financial instruments).

## **NINETY ONE FUND MANAGERS UK LIMITED**

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

For the year ended 31 March 2021

#### **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.

#### **Financial instruments**

##### *Recognition and de-recognition of financial instruments*

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

##### *Classification and measurement of financial instruments*

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

##### *Investments at fair value through profit or loss*

Investments at fair value through profit or loss comprise seed capital. 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 share as reported by the managers of such schemes.

##### *Financial assets measured at amortised cost*

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

##### *Impairment of financial assets measured at amortised cost*

In measuring expected credit losses ("ECLs"), the Company takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

The ECL loss amount depends on the specific stage that the financial instrument has been allocated to within the ECL model which depends on whether there has been a significant increase in credit risk since initial recognition of the financial instrument, it is in default, or is considered to be credit impaired. Impairment loss allowances are measured on either i) 12-month ECLs: that result from possible default events within the 12 months after the reporting date; or ii) Lifetime ECLs: that result from all possible default events over the expected life of a financial instrument. The Company considers a financial asset to be in default when: i) the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or ii) the financial asset is more than 90 days past due without reasonable expectation of recovery.

##### *Financial liabilities*

Financial liabilities comprise amounts payable to group companies, trade and other payables, subscription accounts payable and subscription cash. All financial liabilities are measured at amortised cost using the effective interest method.

#### **Subscription accounts**

As manager of a number of funds, the Company is responsible for the collection and payment of monies arising from the issue and redemption of shares in the funds. Such amounts are shown in these financial statements as subscription accounts receivable, subscription cash and subscription accounts payable. Subscription cash does not form part of the operating cash of the Company and has not been included as cash and cash equivalents for the purposes of the cash flow statement.

#### **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.

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

For the year ended 31 March 2021

**Impairment**

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

	2021 £'000	2020 £'000
<b>2 Revenue</b>		
comprises:		
Management fees	<u>85,004</u>	<u>96,847</u>
<b>3 Profit from operations before tax</b>		
is arrived at after taking into account:		
Investment advisory fee expense	<u>33,599</u>	<u>37,169</u>
<b>4 Income tax expense</b>		
Current tax - current year	1,315	1,917
Current tax - adjustment for prior years	<u>5</u>	<u>-</u>
	<u>1,320</u>	<u>1,917</u>
<b>Reconciliation of effective tax rate</b>	%	%
Effective rate of taxation	19.1	19.0
Adjustment for prior years	<u>(0.1)</u>	<u>-</u>
United Kingdom standard tax rate	<u>19.0</u>	<u>19.0</u>

In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the Company's future tax charge.

	2021 £'000	Restated 2020 £'000
<b>5 Directors' remuneration</b>		
Emoluments (including benefits in kind)	535	696
Pension Contributions	<u>4</u>	<u>6</u>
	<u>539</u>	<u>702</u>
Highest paid director		
Emoluments (including benefits in kind)	139	193
Pension Contributions	<u>-</u>	<u>1</u>
	<u>139</u>	<u>194</u>

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

The prior year amounts have been amended to more appropriately reflect the requirements under the Companies Act 2006.

	2021 £'000	2020 £'000
<b>6 Investments</b>		
Seed capital investments	<u>146</u>	<u>232</u>
<b>7 Cash and cash equivalents</b>		
Current account (Citibank: A+ rated)	5,441	1,310
Ninety One Global Strategy Fund - Sterling Money Fund (formerly Investec Global Strategy Fund - Sterling Money Fund) (AAAf rated)	<u>11,183</u>	<u>10,185</u>
	<u>16,624</u>	<u>11,495</u>

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

For the year ended 31 March 2021

	2021 £'000	2020 £'000
<b>8 Share capital</b>		
<i>Authorised, issued and fully paid</i>		
4,000,000 ordinary shares of £1 each (2020: 4,000,000)	<u>4,000</u>	<u>4,000</u>

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

**9 Related parties****Identity of related parties**

In the ordinary course of business, the Company carries out transactions with related parties, as defined by IAS 24 Related party disclosures. These include companies in the Ninety One plc group, Ninety One Limited group and directors of the Company. Apart from those disclosed elsewhere in the financial statements, material transactions for the year are set out below.

**Transactions with key management personnel**

Directors are considered to be the only key management personnel. Transactions with directors are as follows:

	2021 £'000	Restated 2020 £'000
Short-term employee benefits	475	646
Post-employment benefits	4	6
Share-based payment expense	25	7
	<u>504</u>	<u>659</u>

Directors that are not paid directly by the company receive compensation from other companies within the Ninety One group of companies.

The prior year amounts have been amended to more appropriately reflect the allocation of compensation costs as required by IAS 24.

**Transactions with the holding company**

Dividends paid are disclosed in the statement of changes in equity. Other transactions with the holding company are as follows:

	2021 £'000	2020 £'000
Investment advisory fee expense	(30,398)	(34,381)
Other investment and administration expenses	<u>(23,536)</u>	<u>(24,480)</u>

**Transactions with fellow subsidiaries**

Other investment and administration expenses	(442)	(275)
Investment advisory fee expense	<u>(3,201)</u>	<u>(2,788)</u>

**Balances with related parties**

Amount payable to holding company	(5,262)	(3,551)
Amounts receivable from fellow subsidiaries	216	100
Amounts payable to fellow subsidiaries	<u>(333)</u>	<u>(374)</u>

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

## **NINETY ONE FUND MANAGERS UK LIMITED**

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

For the year ended 31 March 2021

#### **10 Financial instruments**

##### **Financial risk management**

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

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

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

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

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

##### **Credit risk**

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

Trade receivables: Fee income is collected from funds under management, mitigating a large portion of credit risk.

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 Ninety One group companies operate, the credit risk related to amounts receivable from group companies is not considered to be significant.

Subscription accounts receivable: Credit risk is mitigated by short settlement times and the spread of redemptions across a diversified range of funds.

##### **Expected credit loss**

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

##### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. The maximum exposure to liquidity risk is represented by current financial liabilities which are contractually due on demand. All amounts are unsecured and interest free.



**NINETY ONE FUND MANAGERS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2021

**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 payables, amounts payable to group companies and cash and cash equivalents. Outstanding amounts are regularly monitored and settled to mitigate currency exposures. At year end, exposure to currency risk was £600,859 (2020: £594,250).

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 as reflected on the statement of financial position, which are variable rate instruments. This was also the case at the previous year end.

Price risk: Price risk on seed capital investments is not deemed to be significant.

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 increased by £60,086 (2020: £59,425). 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 £16,624 (2020: £11,495). 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. 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 complies with these requirements at year end. 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 seed capital investments 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.

**11 Events after the reporting date**

During May 2021, the directors proposed and approved a dividend of £2,669,000.