

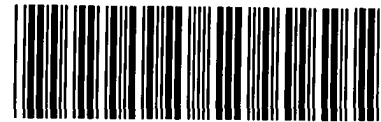
Registered number: 02415166

RUSSELL INVESTMENTS SYSTEMS LIMITED

Annual report and financial statements

For the Year Ended 31 December 2018

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RUSSELL INVESTMENTS SYSTEMS LIMITED

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RUSSELL INVESTMENTS SYSTEMS LIMITED

Company Information

Directors	J Beveridge M Klijnsma J Linhares
Registered number	02415166
Registered office	Rex House 10 Regent Street London England SW1Y 4PE
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors 7 More London Riverside London England SE1 2RT

RUSSELL INVESTMENTS SYSTEMS LIMITED

Strategic report For the Year Ended 31 December 2018

Introduction

The directors present their strategic report on the Company for the year ended 31 December 2018.

Business review

The principal activity of Russell Investments Systems Limited ("the Company") is to act as an investment holding company carrying on the trade of investment research and the provision of back office and middle office services to a number of its subsidiary companies. Russell Investments Systems Limited had the following wholly owned subsidiaries during the year: Russell Investments Limited (RIL), Russell Investments Implementation Services Limited (RISL), Russell Investments France SAS (RIF) and On-Line Partnership Group Limited (OPGL) which in turn had three wholly owned subsidiaries: The On-Line Partnership Limited (OPL), The Whitechurch Network Limited (WNL) and In Partnership Financial Advisers Limited (INP).

The Company had total turnover for the year of £14.6 million compared to total revenue in 2017 of £12.5 million. Turnover represents reimbursement from other group companies for support of investment management and transition management business. The accumulated profits of the Company were £3.3 million at the year end compared to accumulated losses of £1.8 million at 31 December 2017. Profits for the year included dividend income of £5.5 million.

Results for the year were considered satisfactory by the Directors. There is no intention to change the nature of the Company in the foreseeable future.

RUSSELL INVESTMENTS SYSTEMS LIMITED

Strategic report (continued) For the Year Ended 31 December 2018

Principal risks and uncertainties and financial risks

The management of the business and the execution of the Company's strategy are subject to a number of risks arising from the risks in its underlying subsidiaries (together "the Group").

The key business risks relate to competition, investment performance, staff retention and regulatory risk:

Competition - Competition within the multi-asset investment services market continues to be high. The competitive advantage of the Group lies in continuous, in depth investment manager research and extensive knowledge of financial markets. Competition within the Transition Management, Portfolio Implementation and Overlay Services sector is managed by using innovative tools and techniques to provide customised solutions for its clients to help improve performance, while simultaneously reducing exposure to unintended risk. Competitive risk can also manifest itself through losing sales to key competitors, through a reduction in a number of the financial advisers acting on behalf of the Group, through a lack of recruitment of newly Appointed Representatives/financial advisers or the loss of existing Appointed Representatives/financial advisers. This risk is managed by providing value added services to clients, Appointed Representatives and financial advisers, having fast response times in supplying products and services and in handling all queries, and maintaining strong relationships with clients, Appointed Representatives and financial advisers.

Investment performance - The Group applies a research driven approach to investing, employing investments strategies chosen from a rich opportunity set of options. The Group devotes significant resources, time and expertise to identifying the most powerful strategies, the best managers and the most efficient modes of implementation.

Staff retention - the financial services industry is an extremely competitive market and the Group recognises the need to employ and retain the best talent available. The Group has a genuine focus on its associates and is committed to providing a rewarding and stimulating environment for all its employees.

Regulatory risk - the Group is active in its sale of regulated financial products and it advises customers as to the appropriateness of those products. This gives rise to a number of risks which may manifest themselves financially through compensation payable regarding the sale of financial products and fines imposed by the FCA for regulatory breaches. To mitigate such risks, the Group operates a strict compliance regime, including regular audits of their Appointed Representatives or financial advisers as applicable. On-Line Partnership Group Limited has arranged professional indemnity insurance which conforms to the requirements of the FCA.

The Group and Company are also exposed to financial risk through their financial assets and financial liabilities. The most important components of this financial risk are foreign exchange risk, credit risk, interest rate risk, liquidity risk and market price risk:

Foreign exchange risk - The Group and Company have exposure to foreign exchange risk in respect of assets and liabilities denominated in currencies other than sterling. The most significant currencies to which the Group and Company are exposed are the US Dollar, the Euro and the Japanese Yen. The Group and Company seek to mitigate the risk by matching estimated foreign currency denominated liabilities with assets denominated in the same currency.

Credit risk - credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Group and Company manage the risk by a combination of active credit control and client diversification. OPL and WNL are exposed to credit risk as a result of indemnity commissions. These companies receive commission for the sale of financial products from life companies, which can become repayable if the policy is subsequently cancelled. Where commission is clawed back, OPL and WNL recharge the amounts previously paid in respect of such policies back to the Appointed Representatives, but are exposed to the risk the Appointed Representatives may not be able to repay clawbacks of commission. OPL and WNL monitor the ability of the Appointed Representatives to service clawback liabilities in order to mitigate their risk.

Interest rate risk - the majority of the Group and Company's assets and liabilities are non-interest bearing. The only interest bearing assets are cash at bank and this is monitored on an ongoing basis.

Liquidity risk - the Group and Company monitor their ability to meet liabilities when due on a daily basis. Daily bank reconciliations are performed and are used as a control in managing the Group and Company's liquidity.

RUSSELL INVESTMENTS SYSTEMS LIMITED

Strategic report (continued) For the Year Ended 31 December 2018

Market price risk - this risk may impact the assets under management on which investment management and advisory fees are earned. This is managed by diversification of the products which are offered. Overall market conditions may have an effect on the demand for the retail financial products intermediated by the OPGL Group's Appointed Representatives and financial advisers.

Brexit - Brexit remains a key risk which the Company continues to monitor closely. A number of contingency measures are in place to mitigate the potential risks of a hard Brexit.

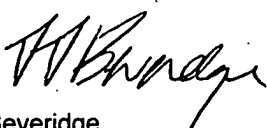
Financial key performance indicators

The Company receives income directly from its subsidiaries, and therefore the financial key indicators are dependent on those of its subsidiaries. As the Group derives the vast majority of its revenue from investment management fees, we believe that funds under management represents the most appropriate key performance indicator. The funds below represent funds managed in the Irish and Cayman fund complexes and for separate accounts managed by London and France.

During the financial year the Group saw assets under management decrease by 7.3% (2017: 4.3% increase).

	31 December 2018 £	31 December 2017 £
Funds under management	39,032,447,043	42,085,061,829
	<u>39,032,447,043</u>	<u>42,085,061,829</u>

This report was approved by the board on 5 July 2019 and signed on its behalf.


J Beveridge
Director

RUSSELL INVESTMENTS SYSTEMS LIMITED

Directors' report For the Year Ended 31 December 2018

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

Russell Investments Systems Limited was a wholly owned subsidiary of Russell Investments Group Limited at the year end, and has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £5,096,772 (2017 - loss £701,969).

In 2018, the directors declared and paid a dividend of £5.5 million (2017: £Nil). There have been no further dividends declared before the approval of the financial statements.

Directors

The directors who served during the year were:

J Beveridge
M Klijnsma
J Linhares

Future developments

The Company is optimistic about its future prospects and will support its subsidiaries to expand their client base, enter new geographical markets and expand their product range.

RUSSELL INVESTMENTS SYSTEMS LIMITED

Directors' report (continued) For the Year Ended 31 December 2018

Qualifying third party indemnity provisions

As permitted by the Articles of Association, each of the directors has the benefit of an indemnity which is a qualifying third-party indemnity as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the respective period of directorship during the last financial year, and is currently in force. The Company purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

Matters covered in the strategic report

Financial management risk policies are covered in the "Principal risks and uncertainties and financial risks" section of the strategic report.

Directors' confirmations

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Significant events

There are no significant post balance sheet events to disclose in the financial statements.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 5 July 2019 and signed on its behalf.


J Beveridge
Director

Independent auditors' report to the members of Russell Investments Systems Limited

Report on the audit of the financial statements

Opinion

In our opinion, Russell Investments Systems Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the annual report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors 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.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Tina Ahuja (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

5 July 2019

RUSSELL INVESTMENTS SYSTEMS LIMITED

Statement of comprehensive income For the Year Ended 31 December 2018

	Note	2018 £	2017 £
Turnover	4	14,642,162	12,516,920
Gross profit		14,642,162	12,516,920
Administrative expenses		(14,419,821)	(15,663,000)
Operating profit/(loss)	5	222,341	(3,146,080)
Income from other fixed assets investments	9	4,759,087	3,030,204
Interest receivable and similar income	10	126,392	8,229
Interest payable and similar expenses	11	(4,893)	(3,934)
Profit/(loss) before tax		5,102,927	(111,581)
Tax on profit/(loss)	12	(6,155)	(590,388)
Profit/(loss) for the financial year		5,096,772	(701,969)

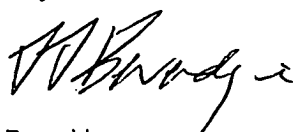
The notes on pages 12 to 31 form part of these financial statements.

RUSSELL INVESTMENTS SYSTEMS LIMITED
Registered number: 02415166

Statement of financial position
As at 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	14	466,872	460,637
Investments	15	34,161,266	38,138,823
		<u>34,628,138</u>	<u>38,599,460</u>
Current assets			
Debtors: amounts falling due after more than one year	16	2,000,000	2,000,000
Debtors: amounts falling due within one year	16	1,273,113	464,391
Investments	17	7,392,535	8,030,715
Cash at bank and in hand	18	1,647,024	1,679,885
		<u>12,312,672</u>	<u>12,174,991</u>
Creditors: amounts falling due within one year	19	(5,296,139)	(8,537,637)
Net current assets		<u>7,016,533</u>	<u>3,637,354</u>
Total assets less current liabilities		<u>41,644,671</u>	<u>42,236,814</u>
Creditors: amounts falling due after more than one year	20	(126,787)	(165,968)
Provisions for liabilities			
Deferred tax	23	(245,345)	(395,079)
		<u>(245,345)</u>	<u>(395,079)</u>
Net assets		<u><u>41,272,539</u></u>	<u><u>41,675,767</u></u>
Capital and reserves			
Called up share capital	24	20,141,000	20,141,000
Share premium account	25	124,878	124,878
Other reserves	25	17,663,465	23,163,465
Profit and loss account	25	3,343,196	(1,753,576)
Total equity		<u><u>41,272,539</u></u>	<u><u>41,675,767</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 July 2019.



J Beveridge
Director

The notes on pages 12 to 31 form part of these financial statements.

RUSSELL INVESTMENTS SYSTEMS LIMITED

**Statement of changes in equity
For the Year Ended 31 December 2018**

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2017	20,141,000	124,878	23,163,465	(1,051,607)	42,377,736
Loss for the year and total comprehensive expense for the year	-	-	-	(701,969)	(701,969)
Transfer between other reserves	-	-	-	-	-
At 31 December 2017	20,141,000	124,878	23,163,465	(1,753,576)	41,675,767
Profit for the year and total comprehensive income for the year	-	-	-	5,096,772	5,096,772
Dividends: Equity capital	-	-	(5,500,000)	-	(5,500,000)
At 31 December 2018	20,141,000	124,878	17,663,465	3,343,196	41,272,539

The notes on pages 12 to 31 form part of these financial statements.

RUSSELL INVESTMENTS SYSTEMS LIMITED

Notes to the financial statements For the Year Ended 31 December 2018

1. General information

Russell Investments Systems Limited is a private Company limited by shares and is incorporated and domiciled in England. The registered office is Rex House, 10 Regent Street, London, England, SW1Y 4PE.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

At the year end date, the Company was a wholly-owned subsidiary of Russell Investments Group Limited and is included in the consolidated financial statements which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

These financial statements are prepared on the going concern basis.

A summary of the principal accounting policies, all of which have been applied consistently throughout the current year, is set out below:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Russell Investments Group Limited as at 31 December 2018 and these financial statements may be obtained from PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

RUSSELL INVESTMENTS SYSTEMS LIMITED

Notes to the financial statements For the Year Ended 31 December 2018

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue represents fee income directly received from its parent, Russell Investments Group Limited, and its subsidiaries as reimbursement for the services provided by the Company. The Company provides back office and middle office support for the investment management and transition management business as well as investment management research support.

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied: the amount of revenue can be measured reliably; it is probable that the Company will receive the consideration due under the contract; the stage of completion of the contract at the end of the reporting period can be measured reliably, and; the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Leasehold improvements	- the shorter of 10 years or the period of the lease
Furniture and fixtures	- 3-7 years
Computer and miscellaneous equipment	- 3-5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

RUSSELL INVESTMENTS SYSTEMS LIMITED

Notes to the financial statements For the Year Ended 31 December 2018

2. Accounting policies (continued)

2.6 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.7 Investments in subsidiary company

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

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

RUSSELL INVESTMENTS SYSTEMS LIMITED

Notes to the financial statements For the Year Ended 31 December 2018

2. Accounting policies (continued)

2.10 Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and amounts owed by group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies, accruals and deferred income, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

RUSSELL INVESTMENTS SYSTEMS LIMITED

Notes to the financial statements For the Year Ended 31 December 2018

2. Accounting policies (continued)

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

2.13 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

RUSSELL INVESTMENTS SYSTEMS LIMITED

Notes to the financial statements For the Year Ended 31 December 2018

2. Accounting policies (continued)

2.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.16 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of financial position date.

2.17 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

RUSSELL INVESTMENTS SYSTEMS LIMITED

Notes to the financial statements For the Year Ended 31 December 2018

2. Accounting policies (continued)

2.19 Benefit plans

The Company participates in two cash incentive plans for certain employees:

The Performance Unit Plan ("PUP") provides the recipient with the right to receive a cash payment equal to the plan value multiplied by the number of units held upon vesting. The plan value is calculated formulaically based on the EBITDA of the Russell asset management business for the most recent financial year ended 31 December.

The Deferred Award Plan ("DAP") provides the recipient the right to receive a cash payment equal to the associate's 2014 Long Term Incentive Plan ("LTIP") grant value (either 50% or 100%), which is specified in each associate's agreement. The Company recognises compensation expense for both plans on a straight line basis over the respective vesting period.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The following judgements were used in applying accounting policies and key sources of estimation uncertainty:

(a) Critical judgements in applying the entity's accounting policies:

There have been no critical judgements in applying the entity's accounting policies.

(b) Critical accounting estimates and assumptions:

(i) A deferred tax liability has been recognised in the financial statements as it is expected that this will crystallise in future years.

(ii) The Company participates in an incentive plan for certain employees, the Performance Unit Plan ("PUP"). The plan value is calculated formulaically based on the EBITDA of the Russell asset management business for the most recent financial year ended 31 December.

4. Turnover

The whole of the turnover is attributable to management fees from its UK subsidiaries. Turnover arose within the United Kingdom (100%).

RUSSELL INVESTMENTS SYSTEMS LIMITED

Notes to the financial statements For the Year Ended 31 December 2018

5. Operating loss

The operating loss is stated after charging/(crediting):

	2018 £	2017 £
Depreciation of tangible assets	210,108	218,033
Fees payable to the Company's auditors and its associates for the audit of the Company's annual financial statements	35,113	37,640
Exchange differences	(272,833)	329,916
Other pension costs	564,010	639,589
	<u> </u>	<u> </u>

6. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Company's auditors and its associates for the audit of the Company's annual financial statements	35,113	37,640
	<u>35,113</u>	<u>37,640</u>
Fees payable to the Company's auditors and its associates in respect of:		
Other services relating to taxation	6,505	6,000
Other assurance services	93,087	57,345
	<u>99,592</u>	<u>63,345</u>

RUSSELL INVESTMENTS SYSTEMS LIMITED

Notes to the financial statements For the Year Ended 31 December 2018

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	9,149,299	8,832,499
Social security costs	1,096,037	1,096,591
Other pension costs	564,010	639,589
	<u>10,809,346</u>	<u>10,568,679</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Sales, Marketing and Client Service	8	12
Investment Management Research	20	21
Administration and Finance	15	15
Human Resources	6	7
Legal and Compliance	16	17
	<u>65</u>	<u>72</u>

8. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	1,028,013	445,191
Directors pension costs - defined contrib'n sch.	16,519	13,003
	<u>1,044,532</u>	<u>458,194</u>

During the year retirement benefits were accruing to 2 directors (2017 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £563,175 (2017 - £299,808).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £3,750 (2017 - £NIL).

The directors are deemed to be the key management personnel.

During the year, 3 directors received share options under the long term incentive schemes (2017 - 2).

No directors exercised any share options during the year.

There has been no compensation paid to directors for loss of office in the year.

RUSSELL INVESTMENTS SYSTEMS LIMITED

Notes to the financial statements For the Year Ended 31 December 2018

9. Income from other fixed assets investments

	2018 £	2017 £
(Loss)/gain on financial assets at fair value through profit and loss	(740,914)	1,030,204
	<u>(740,914)</u>	<u>1,030,204</u>
Dividends received from subsidiaries	5,500,000	2,000,000
	<u>5,500,000</u>	<u>2,000,000</u>

10. Interest receivable and similar income

	2018 £	2017 £
Interest receivable from group companies	120,532	6,344
Other interest receivable	5,860	1,885
	<u>126,392</u>	<u>8,229</u>

11. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	4,893	3,934
	<u>4,893</u>	<u>3,934</u>

12. Tax on profit/(loss)

	2018 £	2017 £
Corporation tax		
Current tax on profit for the year	187,146	-
Adjustments in respect of previous periods	(31,257)	48,497
Total current tax	<u>155,889</u>	<u>48,497</u>
Deferred tax		
Origination and reversal of timing differences	(149,734)	541,891
Total deferred tax	<u>(149,734)</u>	<u>541,891</u>
Taxation on profit/(loss) on ordinary activities	<u>6,155</u>	<u>590,388</u>

RUSSELL INVESTMENTS SYSTEMS LIMITED

Notes to the financial statements For the Year Ended 31 December 2018

12. Tax on profit/(loss) (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - *higher than*) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Profit/(loss) before tax	5,102,927	(111,581)
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	969,556	(21,480)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	6,679	(3,739)
Capital allowances for year in excess of depreciation	(25,790)	(5,180)
Adjustments in respect of previous periods	(31,257)	48,497
Non-taxable income	172,043	(198,313)
Dividends from UK companies	(1,045,000)	(385,000)
Timing differences on long term incentive schemes	6,157	(17,552)
Other differences leading to an increase/(decrease) in the tax charge	852	(7,471)
Group relief	102,649	638,735
Origination and reversal of timing differences	(149,734)	541,891
Total tax (charge)/credit for the year	6,155	590,388

Factors that may affect future tax charges

A reduction of the UK corporation tax rate to 19% with effect from 1 April 2017 and a further reduction to 17% with effect from 1 April 2020 was enacted by the balance sheet date. Accordingly the deferred tax asset has been measured at the rate of 19%, as the timing difference giving rise to the deferred tax asset is expected to reverse by 1 April 2020.

13. Dividends

	2018 £	2017 £
Ordinary dividends		
27.31 (2017: nil) pence per £1 ordinary share	5,500,000	-
	<u>5,500,000</u>	<u>-</u>

RUSSELL INVESTMENTS SYSTEMS LIMITED

Notes to the financial statements For the Year Ended 31 December 2018

14. Tangible assets

	Leasehold improvements £	Furniture and fixtures £	Computer and miscellaneous equipment £	Total £
Cost or valuation				
At 1 January 2018	277,820	615,564	1,305,810	2,199,194
Additions	33,336	23,718	159,289	216,343
Disposals	-	-	(644,469)	(644,469)
At 31 December 2018	311,156	639,282	820,630	1,771,068
Depreciation				
At 1 January 2018	134,757	464,674	1,139,126	1,738,557
Charge for the year on owned assets	54,828	35,640	119,640	210,108
Disposals	-	-	(644,469)	(644,469)
At 31 December 2018	189,585	500,314	614,297	1,304,196
Net book value				
At 31 December 2018	121,571	138,968	206,333	466,872
At 31 December 2017	143,063	150,890	166,684	460,637

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2018 £	2017 £
Computer and miscellaneous equipment	66,881	117,140
	66,881	117,140

RUSSELL INVESTMENTS SYSTEMS LIMITED

Notes to the financial statements For the Year Ended 31 December 2018

15. Investments

	Investments in subsidiary companies £	Listed investments £	Total £
Cost or valuation			
At 1 January 2018	33,929,511	4,209,312	38,138,823
Additions	-	178,328	178,328
Disposals	(4,154,840)	-	(4,154,840)
Foreign exchange movement	-	267,444	267,444
Revaluations	-	(268,489)	(268,489)
At 31 December 2018	<u>29,774,671</u>	<u>4,386,595</u>	<u>34,161,266</u>
Net book value			
At 31 December 2018	<u>29,774,671</u>	<u>4,386,595</u>	<u>34,161,266</u>
At 31 December 2017	<u>33,929,511</u>	<u>4,209,312</u>	<u>38,138,823</u>

The directors believe that the carrying value of the investments is supported by their underlying net assets and the future profits/cash inflows in the subsidiaries. Investments in subsidiaries are held at cost less accumulated impairment losses. Listed investments are measured at fair value using the quoted market price in an active market.

In December 2018 the Company sold its entire shareholding in the Multi-Asset Conservative Strategy Fund which was held at a cost of £4,154,840.

RUSSELL INVESTMENTS SYSTEMS LIMITED

Notes to the financial statements For the Year Ended 31 December 2018

15. Investments (continued)

Subsidiary undertakings

The following were direct or indirectly held subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Russell Investments Limited	Ordinary	100 %	Investment & Consultancy Services
Russell Investments Implementation Services Limited	Ordinary	100 %	Transition Management Services & Portfolio Implementation Services
Russell Investments France SAS	Ordinary	100 %	Investment Services
On-Line Partnership Group Limited	Ordinary	100 %	Provision of financial services
The On-Line Partnership Limited	Ordinary	100 %	Provision of financial services
The Whitechurch Network Limited	Ordinary	100 %	Provision of financial services
In Partnership Financial Advisers Limited	Ordinary	100 %	Provision of financial services

Name	Registered office
Russell Investments Limited	Rex House, 10 Regent Street, London, SW1Y 4PE
Russell Investments Implementation Services Limited	Rex House, 10 Regent Street, London, SW1Y 4PE
Russell Investments France SAS	6 Rue Christophe Colomb, 75008, Paris, France
On-Line Partnership Group Limited	50-56 North Street, Horsham, West Sussex, RH12 1RD
The On-Line Partnership Limited	50-56 North Street, Horsham, West Sussex, RH12 1RD
The Whitechurch Network Limited	50-56 North Street, Horsham, West Sussex, RH12 1RD
In Partnership Financial Advisers Limited	50-56 North Street, Horsham, West Sussex, RH12 1RD
Russell Investments Multi-Asset Conservative Strategy Fund	78 Sir John Rogerson's Quay, Dublin 2, Ireland

Listed investments

The fair value of the listed investments at 31 December 2018 was £4,386,595 (2017 - £4,209,312).

RUSSELL INVESTMENTS SYSTEMS LIMITED

Notes to the financial statements For the Year Ended 31 December 2018

16. Debtors

	2018 £	2017 £
Amounts falling due after more than one year		
Amounts owed by group undertakings	2,000,000	2,000,000
	<u>2,000,000</u>	<u>2,000,000</u>
	2018 £	2017 £
Amounts falling due within one year		
Amounts owed by group undertakings	118,629	18,993
Other debtors	105,321	94,951
Prepayments and accrued income	1,049,163	350,447
	<u>1,273,113</u>	<u>464,391</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

17. Current asset investments

	2018 £	2017 £
Listed investments	7,392,535	8,030,715
	<u>7,392,535</u>	<u>8,030,715</u>

Current asset investments are shown at fair value, based on the quoted market price in an active market. In 2015, £8 million was invested in 4 ICVC Multi Asset Growth Funds and the investments are held exclusively with a view to subsequent resale. The fair value of these investments was £7,365,000 at the year end (2017: £7,998,500). The remaining investments for the current and prior year relate to various small seed investments held at fair value.

18. Cash at bank and in hand

	2018 £	2017 £
Cash at bank and in hand	1,647,024	1,679,885
	<u>1,647,024</u>	<u>1,679,885</u>

RUSSELL INVESTMENTS SYSTEMS LIMITED

Notes to the financial statements For the Year Ended 31 December 2018

19. Creditors: Amounts falling due within one year

	2018	2017
	£	£
Amounts owed to group undertakings	6,247	4,122,053
Corporation tax	187,146	115,095
Obligations under finance lease and hire purchase contracts	50,831	56,425
Other taxation and social security	491,068	408,556
Accruals and deferred income	4,560,847	3,835,508
	<u>5,296,139</u>	<u>8,537,637</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

20. Creditors: Amounts falling due after more than one year

	2018	2017
	£	£
Net obligations under finance leases and hire purchase contracts	11,659	56,832
Accruals and deferred income	115,128	109,136
	<u>126,787</u>	<u>165,968</u>

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2018	2017
	£	£
Within one year	50,831	56,425
Between 1-2 years	11,659	56,832
	<u>62,490</u>	<u>113,257</u>

Amounts owed in respect of finance leases are unsecured.

RUSSELL INVESTMENTS SYSTEMS LIMITED

Notes to the financial statements For the Year Ended 31 December 2018

22. Financial instruments

	2018 £	2017 £
Financial assets		
Financial assets measured at fair value through profit or loss	9,039,559	9,710,600
Financial assets that are debt instruments measured at amortised cost	2,223,949	2,113,944
	<u>11,263,508</u>	<u>11,824,544</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(4,567,094)</u>	<u>(7,957,561)</u>

Financial assets measured at fair value through profit or loss comprise current investments and cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise amounts owed to group undertakings, accruals and deferred income.

23. Deferred taxation

	2018 £	2017 £
At beginning of year	(395,079)	146,812
Credited/(charged) to profit or loss	149,734	(541,891)
At end of year	<u>(245,345)</u>	<u>(395,079)</u>

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	30,183	45,062
Unrealised gains on listed investments	(354,452)	(489,245)
Long term incentive scheme	61,942	56,478
Other timing differences	16,982	(7,374)
	<u>(245,345)</u>	<u>(395,079)</u>

A deferred tax liability has been recognised on temporary differences in respect of unpaid long term incentive plans, accelerated capital allowances, tax losses and other timing differences. The liability has been recognised at the rate of 19% following the reduction of the UK corporation tax rate to 19% with effect from 1 April 2017 which was enacted by the balance sheet date.

RUSSELL INVESTMENTS SYSTEMS LIMITED

Notes to the financial statements For the Year Ended 31 December 2018

24. Called up share capital

	2018 £	2017 £
Allotted, called up and fully paid		
20,141,000 (2017 - 20,141,000) ordinary shares of £1.00 each	20,141,000	20,141,000

25. Reserves

Share premium account

Capital contributed to a legal entity in addition to the stated value of the share capital.

Contributed surplus

Contributed surplus with respect to historical Long Term Incentive Plans. This is considered to be a distributable reserve.

Other reserves

Other reserves represents capital contributions from the parent Company, Russell Investments UK Lower-Tier Holdco Limited. This is considered to be a distributable reserve.

Profit and loss account

The Company's accumulated profits that have not been distributed as dividends.

26. Benefit plans

Performance Unit Plan ("PUP")

The Company participates in the PUP covering eligible employees. The PUP provides the recipient the right to receive a cash payment equal to the plan value multiplied by the number of units held upon vesting. Compensation expense related to the PUP awards is based on changes in the formula-derived price of the outstanding awards. The plan value is calculated formulaically based on the EBITDA of the Russell asset management business for the most recent financial year ended 31 December. The PUP awards vest rateably (in equal parts) over a three year period on the anniversary of the grant date. The PUP awards will also vest immediately at the time of the participant's retirement, disability or death. The Company recognised £80,059 related to the PUP for the year ended 31 December 2018 (2017: £194,934) and has an aggregate recorded liability of £68,535 as of 31 December 2018 (2017: £54,845) included in accruals.

Deferred Award Plan ("DAP")

The Company participates in the DAP covering eligible employees. The DAP provides the recipient the right to receive a cash payment equal to the associate's 2014 Long Term Incentive Plan ("LTIP") grant value (either 50% or 100%), which is specified in each associate's agreement. The DAP awards vest rateably (in equal parts) over either a one (50% grant) or two (100% grant) year period on the anniversary of the grant date. The Company recognised £nil related to the DAP for the year ended 31 December 2018 (2017: £13,987) and has an aggregate recorded liability of £nil as of 31 December 2018 (2017: £nil) included in accruals.

RUSSELL INVESTMENTS SYSTEMS LIMITED

Notes to the financial statements For the Year Ended 31 December 2018

27. Pension commitments

The Company operates a defined contribution, discretionary pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund of £564,010 (2017: £639,589) and contributions to other pension arrangements amounted to £Nil (2017: £nil). Contributions totalling £Nil (2017: £Nil) were payable to the funds at the year-end and are included in other creditors.

28. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Land and buildings		
Not later than 1 year	1,685,781	2,172,393
Later than 1 year and not later than 5 years	6,094,308	4,344,786
Later than 5 years	7,617,885	-
	<u>15,397,974</u>	<u>6,517,179</u>
	2018 £	2017 £
Other operating leases		
Not later than 1 year	47,248	47,697
Later than 1 year and not later than 5 years	21,465	68,713
	<u>68,713</u>	<u>116,410</u>

An expense of £2,172,393 (2017: £3,037,001) relating to land and buildings and £47,248 (2017: £49,987) relating to other was recognised in the year.

29. Post balance sheet events

There are no significant post balance sheet events to disclose in the financial statements.

RUSSELL INVESTMENTS SYSTEMS LIMITED

Notes to the financial statements For the Year Ended 31 December 2018

30. Controlling party

The immediate parent undertaking of Russell Investments Systems Limited is Russell Investments UK Lower-Tier Holdco Limited, registered in England. Copies of the Company's financial statements can be obtained from Rex House, 10 Regent Street, London, SW1Y 4PE.

The ultimate parent undertaking is Russell Investments Group Limited, incorporated in Cayman. This represents both the largest and smallest group to prepare consolidated financial statements. Copies of these financial statements can be obtained from PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The financial statements will also be publicly available at Companies House. In common with other group companies, the Company participates in transactions with its immediate holding Company.

Russell Investments Group Limited is majority owned by funds managed by TA Associates with minority stakes being held by funds managed by Reverence Capital Partners and Russell Investments' management.