



Dimensional Fund Advisors Ltd.
Annual report and financial statements
Year ended 31 December 2019

Company registration number: 02569601

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Strategic report for the year ended 31 December 2019

Principal Activities

Dimensional Fund Advisors Ltd. (the "Company") is a global investment firm that has been translating academic research into practical investment solutions since 1991. Guided by a strong belief in markets, we help investors pursue higher expected returns through advanced portfolio design and careful implementation. An enduring philosophy, strong client commitment, and a strong connection with the academic community underpin our approach.

The Company provides investment management services to Undertakings for Collective Investments in Transferable Securities funds ("UCITS") domiciled in the UK and Ireland as well as managing a number of segregated portfolios.

Review of business, key performance indicators and future developments

The Company has experienced growth in funds under management over the last year of 8%. The key performance indicator is funds under management which have increased from £33.1bn at the end of 2018 to £35.9bn as at 31 December 2019. The directors of the Company intend to continue to expand its activities within the UK, Europe, the Middle East and South Africa over the next year. Profit for the financial year has decreased by 3.74% (2018: increased by 13.61%).

The average number of employees in 2019 is 152 (2018: 138)

Statement in respect of Section 172(1) of the Companies Act 2006

This statement is made for the purposes of Section 414CZA of the Companies Act 2006 and describes how the directors of the Company have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 when performing their duty to promote the success of the Company for the benefit of the members as a whole.

The Company is a private company limited by shares, registered in England. The directors of the Company are committed to promoting the long-term success of the Company and believe that the business of the Company has been conducted in the interests of Dimensional Fund Advisors LP, the Company's parent company and shareholder, with a view to achieving long term sustainable success, benefiting the Company's stakeholders.

The Company continues to be authorised and regulated by the UK Financial Conduct Authority (FCA) and so is subject to, and has conducted its business in accordance with, the FCA rules, including the FCA's principles. Under the FCA's principles, the Company is required to conduct its business with integrity and observe proper standards of market conduct, and also to pay due regard to the interests of customers and treat them fairly. The Company's current guiding principles also require it to act in a way that is ethical and legal and to act in the best interests of clients. The directors of the Company continue to be committed to the Company complying with applicable legal and regulatory requirements and acting in the best interests of its clients. The Company regularly engages with clients, including through meetings, conferences and events.

When investing on behalf of its clients, the Company believes that good governance by strong and effective boards representing shareholder interests can help monitor and mitigate material risks, including certain environmental and social risks. The Company has also taken environmental and social principles into consideration for certain portfolios it manages and integrated economic, social and corporate governance goals in a manner which it thinks consistent with helping investors achieve their long-term goals.

Furthermore, the directors of the Company are committed to improving the Company's sustainability practices by seeking to understand the impact of its business operations on the environment and develop offices, plans and processes that minimize those impacts. The Company is a Tier 1 signatory to the UK Stewardship Code published in 2012 and, through its parent company, is a signatory to United Nations Principles for Responsible Investment (UN-PRI). For more information, please see the Company's website, in particular, the pages relating to investment stewardship.

Strategic report for the year ended 31 December 2019 (continued)

Another of the Company's current guiding principles is to create opportunities for its people to contribute both to the Company's success and to their own. Employee experience was a focus for the Company and during 2019, the Company engaged with employees through carrying out employee surveys. The Company provides a range of benefits which support and promote the health and wellbeing of its staff in a manner compliant with legal requirements. The directors of the Company believe that it is important that the working conditions of the Company's staff meet required standards and has reviewed those benefits during the year. The Company has continued to invest in its workforce through benefits enhancements, career opportunities and new team members.

Principal risks and uncertainties

The Company's operations expose it to a variety of unavoidable risks which include funding risk, legal and regulatory risk and operational risk. In management's opinion, the Company's risk in such areas is not unusual relative to similar companies.

In response to the uncertainty posed by the departure of the UK from the European Union, Dimensional has successfully applied to the Central Bank of Ireland for a licence for an Irish management company in view of a "no deal" Brexit. Dimensional Ireland Limited was authorised by the Central Bank of Ireland on 27 March 2019. There were no further updates in respect of Dimensional Ireland Limited as at the end of the reporting period.

In early 2020, a novel strain of coronavirus ("COVID-19") emerged globally, resulting in disruption to economic activity and financial markets. While the Company is presently implementing its business continuity plan, the impact of the COVID-19 outbreak on the Company's financial condition will depend on the duration and spread of the outbreak and related advisories and restrictions. These developments and the impact of COVID-19 on the financial markets and the overall economy are highly uncertain. If the financial markets and the overall economy are impacted for an extended period, the Company's balance sheet, statement of comprehensive income and cash flows may be materially adversely affected.

Financial risk management

Funding risk includes interest rate risk and exchange rate risk. Given the relatively small exposure, the Company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied. Exchange rate risk arises due to currency differences between the income and expense base. The expected level of this risk has been considered to fall within acceptable parameters.

Legal and regulatory risk

The Company operates in various markets. The regulatory environment is becoming more complex compared to prior years. The Company maintains its arrangements for regulatory compliance through in-house resources and external counsel. The Company has a Compliance Committee which meets on a regular basis and the Compliance Officer usually reports to the Board four times a year. The Company also seeks to continue to foster open and cooperative relationships with the appropriate regulators.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or resulting from external events beyond the Company's control. These risks are mitigated by efforts to recruit and retain suitably qualified staff with remuneration set at an appropriate level. Additionally, the Company has instituted internal controls and a risk management framework to manage operational risk. The Company has reviewed its business continuity and regulatory capital provisions and is satisfied that they are sufficient.

Strategic report for the year ended 31 December 2019 (continued)

Credit risk

Credit risk is the risk of financial loss if a client, fund, or counterparty fails to meet its contractual obligations. Non-payment or delayed payment of fees exists as a possibility, particularly for separate account clients and other debtors. All debtors are reviewed on a regular basis by the finance team and aged balances are appropriately addressed.

Liquidity risk

Liquidity risk is the risk that assets are insufficiently liquid to meet liabilities as they fall due in the Company's books. Cash is either held on deposit with recognised credit institutions or invested in Dimensional funds which are liquid, priced daily and typically pay redemption amounts within three days. The Company's finance team regularly monitor the Company's cash position and seek to ensure the timely settlement of liabilities.

On behalf of the Board

John Romiza
Director



27 April 2020

Nathan Lacaze
Director



27 April 2020

Directors' report for the year ended 31 December 2019

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2019.

Results and dividends

The profit for the financial year amounted to £14,511,610 (2018: £15,075,621). The directors paid dividends of £21,000,000 during the year (2018 dividends: £15,000,000).

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Catherine Newell

John Romiza

Nathan Lacaze

Steve Clark

David Butler

Gerard O'Reilly

Peter Wood (Appointed 30 September 2019)

Victoria Parry (Appointed 30 September 2019)

Directors' qualifying third party indemnity provisions

The directors have the benefit of a qualifying third-party indemnity provision (as defined in section 234 of the Companies Act 2006). This provision was in force throughout the financial year and through to the date the financial statements were approved.

Pillar III disclosure

In accordance with the rules of the Financial Conduct Authority (the "FCA"), the Company has published information on its risk management objectives and policies and on its regulatory capital requirements and resources and compliance with the remuneration code. This information is available on the Company's website (www.eu.dimensional.com).

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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;
- make judgements and accounting estimates that are reasonable and prudent; and

Directors' report for the year ended 31 December 2019 (continued)

- 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.

The directors 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.

At the date the Directors' Report is approved:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the directors have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Strategic Report

The information relating to the business review, principal risks and uncertainties, financial key performance indicators, and future developments are shown in the strategic report. Information regarding financial, operational, legal and regulatory risk is also present in the strategic report.

Foreign branches

The Company also operates foreign branches in the Netherlands and Germany.

Independent auditors

PricewaterhouseCoopers LLP will continue to hold office until a resolution terminating their service is passed by the Company as provided by the Companies Act 2006.

Supplier and Customer Statement

For information on how the directors of the Company have had regard to the need to foster the Company's business relationships with suppliers, customers and others during the financial year ended 31 December 2019, please see the section headed "Statement in respect of Section 172(1) of the Companies Act 2006" in the Strategic Report, in particular the third paragraph.

On behalf of the Board

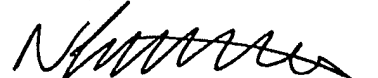
John Romiza
Director



27 April 2020

Registered office:
20 Triton Street
Regent's Place
London NW1 3BF

Nathan Lacaze
Director



27 April 2020

Independent auditors' report to the members of Dimensional Fund Advisors Ltd.

Report on the audit of the financial statements

Opinion

In our opinion, Dimensional Fund Advisors Ltd.'s financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit and cash flows 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 Comprehensive income for the year ended 31 December 2019, the Statement of changes in equity for the year ended 31 December 2019, the Balance sheet as at 31 December 2019, the Statement of cash flows for the year ended 31 December 2019; 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- 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.

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.

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 2019 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 Statement of directors' responsibilities in respect of the financial statements set out on page 4, 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.

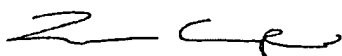
Other required reporting

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.



Lauren Cooper (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 April 2020

Statement of Comprehensive income for the year ended 31 December 2019

	Note	2019 £	2018 £
Turnover	4	105,543,346	104,347,398
Administrative expenses		(88,415,035)	(86,368,420)
Unrealised gain on current asset investments	12	237,178	1,618
Gain/(Loss) on sale of investment		407,347	(2,145)
Operating profit	5	17,772,836	17,978,451
Interest receivable and similar income	8	12,698	26,613
Profit before taxation		17,785,534	18,005,064
Tax on profit on ordinary activities	9(a)	(3,273,924)	(2,929,443)
Profit for the financial year		14,511,610	15,075,621

The results above are in respect of continuing operations.

Statement of changes in equity for the year ended 31 December 2019

	Called up Share Capital £	Share Premium account £	Profit and loss account £	Total Shareholders' funds £
Balance at 1 January 2019	573	5,002,237	32,370,752	37,373,562
Profit for the financial year			14,511,610	14,511,610
Dividends			(21,000,000)	(21,000,000)
Balance at 31 December 2019	573	5,002,237	25,882,362	30,885,172

	Called up Share Capital £	Share Premium account £	Profit and loss account £	Total Shareholders' funds £
Balance at 1 January 2018	573	5,002,237	32,295,131	37,297,941
Profit for the financial year			15,075,621	15,075,621
Dividends			(15,000,000)	(15,000,000)
Balance at 31 December 2018	573	5,002,237	32,370,752	37,373,562

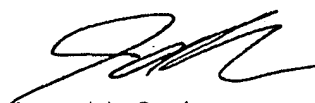
The notes on pages 11 to 22 form an integral part of these financial statements

Balance sheet as at 31 December 2019

		<u>2019</u>		<u>2018</u>	
	Note	£	£	£	£
Non-Current Assets					
Tangible assets	10		7,447,573		7,821,410
Current assets					
Debtors	11	37,816,005		52,349,911	
Current asset Investments	12	14,655,883		18,707,688	
Cash at bank and in hand		8,702,291		10,942,369	
		61,174,179		81,999,968	
Creditors: amounts falling due within one year	13	(37,414,388)		(52,123,824)	
Net current assets			23,759,791		29,876,144
Total assets less current liabilities			31,207,364		37,697,554
Creditors: amounts falling due after more than one year	15		(322,192)		(323,992)
Net assets			30,885,172		37,373,562
Capital and reserves					
Called up share capital	16		573		573
Share premium account	17		5,002,237		5,002,237
Profit and loss account	17		25,882,362		32,370,752
Total shareholders' funds			30,885,172		37,373,562

The financial statements on pages 8 to 22 were approved by the Board of Directors on 27 April 2020

Company Registration number: 02569601



John Romiza
Director



Nathan Lacaze
Director

The notes on pages 11 to 22 form an integral part of these financial statements

Statement of cash flows for the year ended 31 December 2019

		<u>2019</u>	<u>2018</u>
	Note	£	£
Net cash from operating activities	18	17,678,520	15,721,665
Taxation Paid		(3,506,610)	(2,974,814)
Net cash generated from operating activities		14,171,910	12,746,851
Cash flow from investing activities			
Purchase of tangible assets		(121,946)	(776,233)
Proceeds from disposal of tangible assets		930	-
Purchase of current asset investments		(6,000,000)	-
Proceeds from disposal of current asset investments		10,696,330	7,004,560
Interest received		12,698	26,613
Net cash generated from investing activities		4,588,012	6,254,940
Cash flow from financing activities			
Dividends paid to the parent		(21,000,000)	(15,000,000)
Net cash used in financing activities		(21,000,000)	(15,000,000)
Net (decrease)/increase in cash and cash equivalents		(2,240,078)	4,001,791
Cash and cash equivalents at the beginning of the year		10,942,369	6,940,578
Cash and cash equivalents at the end of the year*		8,702,291	10,942,369

*Cash and cash equivalents consist entirely of Cash at bank and in hand.

Notes to the financial statements

1. General Information

The Company is a private company limited by shares and is incorporated in England. The address of its registered office is 20 Triton Street, Regent's Place, London, NW1 3BF.

The Company trades as an investment manager and adviser to institutional investors and financial advisers. The Company is authorised and regulated by the Financial Conduct Authority (FCA). The Company is appointed as the Authorised Corporate Director of Dimensional Funds ICVC, an open-ended investment company incorporated in England and Wales. The Company is also the investment manager to Dimensional Funds plc and Dimensional Funds II plc, each an umbrella fund with segregated liability between sub-funds constituted as investment companies with variable capital under the laws of Ireland and authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended.

2. Statement of compliance

The financial statements have been prepared in compliance 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.

3. Accounting policies

These financial statements are prepared on a going concern basis, under the historic cost modified by revaluation of financial assets and financial liabilities held at fair value through profit and loss in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Critical accounting judgements and estimation uncertainty

- (a) Critical judgements in applying the Company's accounting policies
No areas of critical accounting estimates and assumptions have been applied that will result in material uncertainty.
- (b) Key accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows. The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of the tangible assets.

The notes on pages 11 to 22 form an integral part of these financial statements

3. Accounting policies (Continued)

Turnover

Turnover, which excludes value added tax, is recognised when it can be measured reliably, and it is probable that the economic benefits associated with the transactions will flow to the Company. Turnover is recognised over the period which it relates on an accruals basis. Turnover consists of:

- Management fees received due to provision of management services to a UK UCITS range, two Irish UCITS ranges and segregated client accounts.
- Management fees received from the parent entity Dimensional Fund Advisors LP (the "Parent Company") under a transfer pricing agreement.
- Fees received from the Parent Company based on a cost plus 15% basis for trading and portfolio management services provided by the Company under a transfer pricing agreement.

Tangible assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Assets are assessed for impairment at each reporting date. If the asset's recoverable amount is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. Any resulting loss is recognised in profit and loss. No assets have been impaired in 2019.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Leasehold improvements	- Over the period of the lease
Fixtures and fittings	- 20% straight line
Office equipment	- 20% straight line
Software	- 20% straight line
Artwork	- 2% straight line

Cash at bank and in hand

Cash at bank and in hand includes cash and other deposits that are readily converted to cash in a period of 24 hours or less without penalty.

Financial Instruments

i. Financial Assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price.

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.

ii. Financial Liabilities

Basic financial liabilities, including trade and other payables are initially recognised at transaction price.

Current asset investments

Current asset investments are initially measured at transaction price which is deemed to be fair value. Current asset investments are subsequently carried at fair value which is derived from their market value as quoted on public market exchanges. Any changes to their market valuations are reflected in profit and loss.

The notes on pages 11 to 22 form an integral part of these financial statements

3. Accounting policies (Continued)

Current debtors and creditors

Current debtors and creditors are recorded at cost, which due to their short-term nature approximate fair value. Current debtors and creditors are assessed for impairment at each reporting date. If the asset's recoverable amount is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. Any resulting loss is recognised in profit and loss.

Expenses

Expenses are accounted for on an accruals basis.

Taxation

i. Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted by the period end. Tax provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii. Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the date of the balance sheet or at the agreed contractual rate. Transactions in foreign currency are converted to sterling at the rate ruling at the date of the transaction. All differences on exchange are taken to the profit and loss account. The Company's functional and presentation currency is pound sterling.

Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. The Company has taken advantage of the exemption (section 35.10(p) of FRS 102) in respect of lease incentives on leases in existence on the date of transition to FRS 102. Lease incentives have been amortised over the period up until the first review date.

Pension costs

The Company funds pension liabilities in respect of the defined contributions plan by payments to an insurance company. These funds are invested and managed independently of the finances of the Company. All contributions are charged against the profits of the year to which they relate.

The notes on pages 11 to 22 form an integral part of these financial statements

3. Accounting policies (Continued)

Phantom stock payments

The periodic change in the fair value of share-based compensation for cash-settled plans is recognised as an expense with a corresponding change in liabilities. The value of LTIP phantom units is calculated based on the quarterly gross fee revenues times the revenue multiple as defined in LTIP.

Capital and reserves

Ordinary shares are classified as equity. Dividends and other distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Company's shareholders, these amounts are recognised in the statement of changes in equity.

4. Turnover

Turnover represents fees receivable for investment management and advisory services and service fees receivable in accordance with a service agreement with the Parent Company. All turnover relates to continuing operations.

	<u>2019</u>	<u>2018</u>
	£	£
Investment management fees	90,845,598	87,707,630
Intercompany fees	14,697,748	16,639,768
	<u>105,543,346</u>	<u>104,347,398</u>

The Company acts as principal in the sale of shares in Dimensional Funds ICVC, although in accordance with section 23.4 of FRS 102 it is in substance acting as an agent. The gross sales of units during the year were £1,941,927,066 (2018: £2,019,363,038).

5. Operating profit

	<u>2019</u>	<u>2018</u>
	£	£
This is stated after charging:		
Investment Management services from the Parent Company	40,880,519	39,459,422
Depreciation of tangible fixed assets	1,244,853	1,182,840
Auditors' remuneration – audit services	70,000	64,410
Auditors' remuneration – tax services	19,706	10,330
Auditors' remuneration – audit related assurance services	103,000	60,784
Auditors' remuneration – other	98,461	259,475
Operating lease charges – land & buildings	2,051,590	2,043,512

The directors consider that the Company operates in one business segment, that of investment management. All activities are in the United Kingdom, Germany (Expense 2019: £1,322,758 2018: £1,437,847) and the Netherlands (Expense 2019: £1,128,576 2018: £1,062,950)

The notes on pages 11 to 22 form an integral part of these financial statements

6. Employee information

The average number of employees, including directors, employed by the Company during the year was 152 (2018: 138).

	<u>2019</u>	<u>2018</u>
	£	£
Staff costs (for the above persons)		
Wages and salaries	20,444,205	19,688,457
Social security costs	2,678,470	2,833,578
Share based payments (see note 22)	1,167,841	2,232,543
Other pension costs	1,335,847	1,217,183
	<u>25,626,363</u>	<u>25,971,761</u>

At the end of the year, there were no unpaid pension contributions outstanding (2018: £nil).

7. Directors' emoluments

	<u>2019</u>	<u>2018</u>
	£	£
Aggregate emoluments	3,017,565	4,569,568
Company pension contributions to money purchase scheme	40,000	55,000
Shared based payments	684,693	1,118,178
	<u>3,742,258</u>	<u>5,742,746</u>
Highest paid director		
Aggregate emoluments	1,846,714	1,884,932
Company pension contributions to money purchase scheme	20,000	15,000
Share based payments	531,201	537,038

The emoluments of Catherine Newell, Steve Clark, Gerard O'Reilly and David Butler are paid by their employer Dimensional Investment LLC or Dimensional Fund Advisors LP. and are not paid in their capacity as directors of the Company and as such no amounts are presented in these consolidated financial statements.

8. Interest receivable and similar income

	<u>2019</u>	<u>2018</u>
	£	£
Bank interest	12,698	26,613
	<u>12,698</u>	<u>26,613</u>

The notes on pages 11 to 22 form an integral part of these financial statements

9. Tax on profit

a) Tax Expense included in profit or loss

	<u>2019</u>	<u>2018</u>
	£	£
Current tax:		
UK Corporation tax on profits for the year	3,375,465	3,523,978
Adjustments in respect of previous year	(99,741)	(424,880)
Total current tax	<u>3,275,724</u>	<u>3,099,098</u>
Deferred taxation		
Origination and reversal of timing differences	(1,800)	(169,655)
Total deferred tax (note 15)	<u>(1,800)</u>	<u>(169,655)</u>
Total tax on profit	<u>3,273,924</u>	<u>2,929,443</u>

b) Reconciliation of tax charge:

The tax assessed for the year is in line with the standard rate of corporation tax in the UK for the year ended 31 December 2019. The effective rate for 2019 is 19.00% (2018: 19.00%). The differences are explained below:

	<u>2019</u>	<u>2018</u>
	£	£
Profit before taxation	17,785,534	18,005,064
Profit multiplied by effective rate of corporation tax in the UK of 19.00% (2018: 19.00%)	3,379,395	3,420,962
Effects of:		
Expenses not deductible for tax purposes	308,892	329,651
Accelerated capital allowances and other timing differences	(314,622)	(396,290)
Adjustments in respect of previous year	(99,741)	(424,880)
Total tax charge	<u>3,273,924</u>	<u>2,929,443</u>

10. Tangible assets

	Software £	Leasehold improvements £	Fixtures and Fittings £	Office equipment £	Art Work £	Total £
Cost						
At 1 January 2019	21,604	7,164,798	1,942,281	899,398	533,940	10,562,021
Additions	1,940	29,529	-	71,125	19,352	121,946
Dilapidations		750,000				750,000
Disposals				(1,094)		(1,094)
At 31 December 2019	<u>23,544</u>	<u>7,944,327</u>	<u>1,942,281</u>	<u>969,429</u>	<u>553,292</u>	<u>11,432,873</u>
Accumulated Depreciation						
At 1 January 2019	15,887	1,025,779	1,268,797	387,316	42,832	2,740,611
Charge for the year	1,882	855,026	200,482	176,571	10,892	1,244,853
Disposals				(164)		(164)
At 31 December 2019	<u>17,769</u>	<u>1,880,805</u>	<u>1,469,279</u>	<u>563,723</u>	<u>53,724</u>	<u>3,985,300</u>
Net book value						
At 31 December 2019	<u>5,775</u>	<u>6,063,522</u>	<u>473,002</u>	<u>405,706</u>	<u>499,568</u>	<u>7,447,573</u>
At 31 December 2018	<u>5,717</u>	<u>6,139,019</u>	<u>673,484</u>	<u>512,082</u>	<u>491,108</u>	<u>7,821,410</u>

11. Debtors

	2019 £	2018 £
Amounts falling due within one year		
Amounts owed by customers and funds ¹	36,196,133	50,504,364
Other debtors	349,944	536,846
Prepayments and accrued income	1,269,928	1,308,701
	<u>37,816,005</u>	<u>52,349,911</u>

¹ Includes debtors related to the Company's activities as authorised corporate director of Dimensional Funds ICVC of £19,668,772 (2018 £32,643,119)

12. Current asset investments

	2019	2018
	£	£
Investments in various sub funds of Dimensional Funds plc ¹	14,655,883	18,707,688
	<u>14,655,883</u>	<u>18,707,688</u>

¹An unrealised gain on current asset investments of £237,178 (2018: £1,618 gain) was recognised in profit and loss at year end.

13. Creditors: amounts falling due within one year

	2019	2018
	£	£
Bank overdraft	1,438,407	-
Amounts owed to group undertakings ¹	8,255,324	8,365,337
Amounts owed to customers and funds ²	18,316,512	33,196,191
Corporation tax	1,387,422	1,618,308
Other taxation and social security	2,366,800	2,842,461
Accrued salaries	187,493	186,357
Accruals and deferred income	5,462,430	5,915,171
	<u>37,414,388</u>	<u>52,123,825</u>

¹ Amounts owed to group undertakings are typically cleared on a quarterly basis. There are no fixed terms of repayment and amounts are repayable on demand.

² Includes creditors related to the Company's activities as authorised corporate director of Dimensional Funds ICVC of £17,873,711 (2018 £32,750,376).

14. Financial instruments

	2019	2018
	£	£
Financial assets that are debt instruments measured at amortised cost		
Amounts owed by customers and funds	36,196,133	50,504,364
Financial assets that are fixed income instruments measured at fair value through profit and loss		
Current asset investments	14,655,883	18,707,688
	<u>50,852,016</u>	<u>69,212,052</u>
Financial liabilities measured at amortised cost		
Trade creditors	18,316,512	33,196,191
	<u>18,316,512</u>	<u>33,196,191</u>

The notes on pages 11 to 22 form an integral part of these financial statements

15. Creditors: amounts falling due after more than one year

	2019	2018
	£	£
Deferred tax liability at the beginning of the year	(323,992)	(493,647)
Deferred tax in the year	1,800	169,655
Provision for deferred tax	<u>(322,192)</u>	<u>(323,992)</u>

The provision for deferred tax represents accelerated capital allowances.

16. Called up share capital

	2019		2018	
	Number	£	Number	£
Ordinary Shares of £0.01 (2018: £0.01) each				
Authorised	<u>60,000</u>	<u>600</u>	<u>60,000</u>	<u>600</u>
Allotted issued and fully paid	<u>57,266</u>	<u>573</u>	<u>57,266</u>	<u>573</u>

17. Reserves

	Called up Share Capital	Share Premium account	Profit and loss account
	£	£	£
At 1 January 2019	573	5,002,237	32,370,752
Profit for the financial year	-	-	14,511,610
Dividend paid during the year			(21,000,000)
At 31 December 2019	<u>573</u>	<u>5,002,237</u>	<u>25,882,362</u>

	Called up Share Capital	Share Premium account	Profit and loss account
	£	£	£
At 1 January 2018	573	5,002,237	32,295,131
Profit for the financial year	-	-	15,075,621
Dividend paid during the year			(15,000,000)
At 31 December 2018	<u>573</u>	<u>5,002,237</u>	<u>32,370,752</u>

A dividend of 366.71p (2018: 261.94p) per share amounting to £21,000,000 (2018: £15,000,000) was paid during the year.

The notes on pages 11 to 22 form an integral part of these financial statements

18. Net cash from operating activities

Reconciliation of operating profit to net cash inflow from operating activities

	2019	2018
	£	£
Operating profit	17,772,836	17,978,451
Depreciation on tangible fixed assets	1,244,853	1,182,840
Unrealised Gain on Investments	(237,178)	(1,618)
(Gain)/Loss on Sale of Investment	(407,347)	2,145
Decrease/(Increase) in debtors	14,533,906	(14,340,539)
(Decrease)/Increase in creditors	(14,478,550)	10,900,386
Provision for Leasehold dilapidations	(750,000)	-
Net cash inflow from continuing operating activities	<u>17,678,520</u>	<u>15,721,665</u>

19. Operating Leases

At 31 December, the Company had the following future minimum lease payments under non-cancellable operating leases:

	2019 Land and buildings £	2018 Land and buildings £
Within one year	<u>2,264,660</u>	<u>2,264,660</u>
Between 2 and 5 years	<u>11,323,300</u>	<u>11,323,300</u>
After 5 years	<u>1,738,308</u>	<u>4,002,968</u>

The amount charged to the profit and loss account in respect of land and buildings for 2019 is £2,051,590 (2018 is £2,043,512).

20. Related party transactions

The Company acts as authorised corporate director to Dimensional Funds ICVC (UK UCITS), an umbrella fund with segregated liability, with 7 sub-funds (2018: 7) and investment manager to two Irish umbrella funds (Irish UCITS), with segregated liability, Dimensional Funds plc which has 24 active sub funds (2018: 23) and Dimensional Funds II plc, which has one sub fund (2018: one). The Company receives a management fee from these entities. The precise fee arrangements for the different entities are disclosed within the financial statements of each entity or within other information which is publicly available.

The aggregate total value of transactions in relation to Dimensional Funds ICVC was £1,941,927,066 (2018: £2,019,363,038) for creations and £1,948,728,325 (2018: £1,541,797,958) for liquidations for the year.

The amounts received in respect of gross management charges from Dimensional Funds ICVC were £29,329,681 (2018: £27,904,650) and from Dimensional Funds plc and Dimensional Funds II plc were £51,753,234 (2018: £47,255,629).

The notes on pages 11 to 22 form an integral part of these financial statements

20. Related party transactions (continued)

At the end of the year there was £2,550,759 (2018: £2,323,471) outstanding for annual management charges from Dimensional Funds ICVC and £4,425,850 (2018: £4,218,874) from Dimensional Funds plc and Dimensional Funds II plc.

At the Balance sheet date, the Company held various investments in share classes of Dimensional Funds plc £14,655,884 (2018: £18,707,688).

A detailed disclosure regarding the remuneration of key management personnel are provided within note 7 Directors' emoluments.

21. Phantom stock payments and Long-Term Incentive plan

Long Term Incentive Plan

The Parent Company established the Dimensional Fund Advisors Equity Incentive Plan (the "LTIP") effective 1 April 2008, for the purpose of attracting, motivating and retaining key employees who are primarily responsible for the long-term performance of the Parent Company and its affiliates and to align the interest of such key employees with that of the Parent Company and its affiliates. The LTIP is a deferred compensation plan which provides for the creation of phantom units which entitle the participants, under the terms and conditions of the LTIP document, to share in the growth in value of equity units of the Parent Company, to receive current payments based on distributions made to the equity owners of the Parent Company, and upon vesting to receive payment of the value of the phantom units by issuance of actual units in the Parent Company. The phantom units vest in 3 tranches, 1/3 in the 2nd calendar year after the units are granted, 1/3 in the 3rd calendar year after the units are granted and 1/3 in the 4th calendar year after the units are granted.

Subject to certain limited exceptions, all unvested phantom units are forfeited if the participant's employment is terminated for a reason other than death, disability or job elimination, as defined in the LTIP document. Under the terms of the LTIP, participants will generally have the option of receiving cash value of vested phantom units, or by applying such cash payment, to acquire from the Parent Company actual Parent Company equity units.

The total amount deferred for 2019 for the Company was £2,101,811 (2018: £2,341,400) being the fair value of the phantom units issued on grant date. Under the terms of the LTIP, these amounts vest on a straight-line basis from award date to vesting date. The Company is amortising these amounts into expenses on a straight-line basis over the vesting period. The amortisation expense for 2019 was £908,422 (2018: £1,827,185). The number of shares forfeited during the year ended 31 December 2019 was 20,210 (2018: 7,502). Forfeiture rates are estimated based on historical experience and adjusted in subsequent periods for differences in actual forfeitures from those estimates.

22. Ultimate parent company

The Parent Company is Dimensional Fund Advisors LP

The ultimate parent company is Dimensional Holdings Inc, a company incorporated in the United States of America. The ultimate parent company is the largest group of undertakings to consolidate these financial statements.

The Parent Company is the parent undertaking of the smallest group of undertakings to consolidate these financial statements.

The notes on pages 11 to 22 form an integral part of these financial statements

23. Post balance sheet events

In early 2020, a novel strain of coronavirus ("COVID-19") emerged globally, resulting in disruption to economic activity and financial markets. While the Company is presently implementing its business continuity plan, the impact of the COVID-19 outbreak on the Company's financial condition will depend on the duration and spread of the outbreak and related advisories and restrictions. These developments and the impact of COVID-19 on the financial markets and the overall economy are highly uncertain. If the financial markets and the overall economy are impacted for an extended period, the Company's balance sheet, statement of comprehensive income and cash flows may be materially adversely affected.