MARTIN CURRIE INC

SF000300

Annual report and non-statutory financial statements
for the year ended 31 March 2020

Registered Number BR002575

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STRATEGIC REPORT
Registered No: BR002575

The Martin Currie Group ("Group") had assets under management ("AUM") of £9.7bn as at 31 March 2020. This is a reduction of £2.9bn from the prior year driven by the global pandemic which caused markets to fall by over 30% during March 2020. Excluding exceptional costs, the Group made an operating profit of £0.6m in the year to 31 March 2020.

In its first full year under the leadership of the new CEO Julian Ide, the business was significantly simplified with a key focus on core strategic investment capabilities. This resulted in a materially reduced cost base in the UK and has put the Group in a strong position for future growth. The changes included a restructure of Distribution to increase client contact and engagement. There were net inflows of £565m in core capabilities during the year and the pipeline increased by almost 80% from £6.4bn to £11.4bn between March 2019 to March 2020.

Investment performance within our core strategic investment capabilities remains strong which has underpinned the positive momentum. The Emerging Markets strategy is now well placed with a suite of products suitable for the US retail market and their Separately Managed Account (SMA) that launched early in 2019 has seen net inflows of £210m in the year. The developed markets LTU product range has continued to perform well and is attracting interest across the globe, particularly its Global product which has top decile performance over its 1 and 3 year rankings. Long term performance in Australian products remains strong relative to both peers and the market with the Real Income strategy in the 1st percentile of peers over 3,5 and 7 years.

The trading figures of the Group include Martin Currie (Holdings) Limited and its subsidiaries, as well as the Martin Currie Australia ("MCA") equity business. MCA is managed by the Group. However, it is a division of the statutory entity Legg Mason Asset Management Australia Limited and is not part of the legal structure of the Group. These non-statutory financial statements only include the results of Martin Currie Inc. The companies' ultimate parent is Legg Mason, Inc..

On 18 February 2020, Franklin Resources, Inc., a global investment organisation operating as Franklin Templeton announced that it has entered into a definitive agreement to acquire Legg Mason, Inc., which was approved by Legg Mason's shareholders on 15 May 2020. The transaction is subject to customary closing conditions, including receipt of applicable regulatory approvals and is expected to close no later than the third calendar quarter of 2020.

Martin Currie Inc's ('the company') principal activity continued to be investment management and no significant changes are presently foreseen. The company is registered in the United States and is regulated by the Financial Conduct Authority and the Securities and Exchange Commission. Martin Currie Inc reports in US dollars.

The company's key performance indicators are AUM, turnover and operating profit. Average AUM for the year to 31 March 2020 was $1.8 bn (year to 31 March 2019: $1.8bn), turnover for the year amounted to $8,774,948 (2019: $17,464,775) and operating loss amounted to $451,362 (2019: $1,185,703).

Turnover has decreased from the prior year, predominantly as a result of a decrease in margins and the timing of assets flows. In addition, there were no performance fees received in the year to 31 March 2020 (2019: $2,533,442).

In the prior year, the company took the prudent approach to write off its deferred tax asset which resulted in the charge to corporate tax of $2m. This was as a result of new products being in the infancy stage and the volatility in markets due to the global economic climate.

The company's principal risks and uncertainties relate to economic factors such as market risk, liquidity risk and foreign exchange risk. The company has an established framework in place to manage financial risk and this is described in note 15 to the financial statements.

Martin Currie and our parent, Legg Mason, Inc., have been undertaking contingency planning for some time to address potential changes as a result of Brexit. Martin Currie has conducted a full review of the implications of a hard Brexit and has plans in place to ensure continuity of its investment management business. The Group continue to monitor events and review plans in light of any developments.

After the reporting period ended, the spread of COVID-19 expanded and continued to impact the global economy and financial markets. It is too early to determine the eventual impact from COVID-19. The length and depth of the downturn - as well as its impact on financial markets - will be driven by a number of factors, including efforts to "flatten the curve" through public lockdowns, quarantines and social distancing. In the meantime, there have been aggressive monetary and fiscal actions taken around the globe.

The Directors are satisfied with the company's progress and expect the current level of activity to continue for the foreseeable future.

By order of the Board

J Mair

Secretary

16 July 2020

DIRECTORS' REPORT
Registered No: BR002576

The directors submit their report and audited non-statutory financial statements for the year ended 31 March 2020.

RESULTS
The loss after tax for the financial year amounted to $452,219 (2019: $3,159,540). There were no dividends paid during the year (2019: $nil). The directors do not recommend the payment of a final dividend (2019: $nil). More details on the results can be seen in the Strategic Report.

DIRECTORS
The directors who served during the year and up to the date of signing the financial statements were as follows:

N J Anderson
M Cho (resigned 2 December 2019)
S J Davidson
T C Hogbin (resigned 26 April 2019)
P J Hughes (resigned 15 August 2019)
J D F Ide (appointed 2 December 2019)
E Wilson (appointed 2 December 2019)

The company has in place a Director and Officer Liability Insurance Policy that is renewed annually. The liability insurance qualifies as a third party indemnity and was in force during the year and at the date of signing.

BUSINESS REVIEW AND GOING CONCERN
The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. In addition note 15 to the financial statements sets out its financial risk management objectives and its exposures to credit risk and liquidity risk.

Following the spread of COVID 19, the company has enacted its Business Continuity Plan on 16 March 2020. Day to day activity have continued seamlessly, and the Company does not believe there is risk if the Company operates under its Business Continuity plan for a prolonged period.

The financial risks arising from COVID 19 are separately covered by existing key risks.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

DISCLOSURE OF INFORMATION TO INDEPENDENT AUDITORS
In the case of each director in office at the date of the directors' report is approved, the following applies:

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

INDEPENDENT AUDITORS
The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the forthcoming Annual General Meeting.

By order of the Board

J Mair
Secretary
16 July 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the company financial statements in accordance with United Kingdom Accounting Standards for management purposes.

The directors must not approve the financial statements unless they are satisfied that the financial statements 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 responsible for:

- selecting suitable accounting policies and then applying them consistently;
- stating whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- making judgements and accounting estimates that are reasonable and prudent; and
- preparing the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

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.

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF MARTIN CURRIE INC

Report on the audit of the financial statements

Opinion

In our opinion, Martin Currie Inc's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended; and
- have been properly prepared in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law.

We have audited the financial statements, included within the Annual Report and non-statutory financial statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 March 2020; the Profit and Loss Account; 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

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 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.

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, 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.

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF MARTIN CURRIE INC (cont.)

Report on the audit of the financial statements (cont.)

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 opinion, has been prepared for and only for the company's directors as a body for management purposes in accordance with our engagement letter dated 11 March 2020 and for no other purpose. We do not, in giving this opinion, 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, including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
Edinburgh
16 July 2020

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2020

	Note	*2020* *US$*	*2019* *US$*
TURNOVER	7	8,774,948	17,464,775
Administrative expenses		(9,244,710)	(18,476,433)
Exceptional items - administrative expenses	8	-	(174,045)
Total administrative expenses		(9,244,710)	(18,650,478)
Other operating income	9	18,400	-
OPERATING LOSS	8	(451,362)	(1,185,703)
Interest receivable		-	1
LOSS BEFORE TAXATION		(451,362)	(1,185,702)
Tax charge	10	(857)	(1,973,838)
LOSS FOR THE FINANCIAL YEAR		(452,219)	(3,159,540)

All results are derived from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME
There is no comprehensive income other than the loss attributable to shareholders of the company of US$452,219 for the year ended 31 March 2020 and loss attributable to shareholders of the company of US$3,159,540 in the prior year ended 31 March 2019 therefore no Statement of Comprehensive Income is presented.

The notes on pages 10 to 14 form part of these financial statements.

BALANCE SHEET
As at 31 March 2020

	Note	*2020* *US$*	*2019* *US$*
CURRENT ASSETS			
Debtors	11	1,965,689	2,815,591
Cash at bank and in hand		2,362,787	5,638,606
		4,328,476	8,454,197
CREDITORS: amounts falling due within one year	12	(1,645,654)	(5,319,156)
NET CURRENT ASSETS		2,682,822	3,135,041
NET ASSETS		2,682,822	3,135,041
CAPITAL AND RESERVES			
Called up share capital	13	539	539
Share premium		6,696,231	6,696,231
Profit and loss account		(4,013,948)	(3,561,729)
TOTAL SHAREHOLDERS' FUNDS		2,682,822	3,135,041

The financial statements of Martin Currie Inc (registered number BR002575) on pages 7 to 14 were approved by the Board of Directors on 16 July 2020 and signed on its behalf by:

Stuart Davidson

S J Davidson
Director

16 July 2020

The notes on pages 10 to 14 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2020

	Called up share capital US$	Share premium account US$	Profit and loss account US$	Total shareholders' funds US$
Balance at 1 April 2018	536	4,735,884	(402,189)	4,334,231
Loss for the financial year	-	-	(3,159,540)	(3,159,540)
Total comprehensive expense for the year	-	-	(3,159,540)	(3,159,540)
Proceeds from shares issued	3	1,960,347	-	1,960,350
Total transactions with owners, recognised directly in equity	3	1,960,347	-	1,960,350
Balance at 31 March 2019	539	6,696,231	(3,561,729)	3,135,041
Balance at 1 April 2019	539	6,696,231	(3,561,729)	3,135,041
Loss for the financial year	-	-	(452,219)	(452,219)
Total comprehensive expense for the year	-	-	(452,219)	(452,219)
Balance at 31 March 2020	**539**	**6,696,231**	**(4,013,948)**	**2,682,822**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020

1. COMPANY INFORMATION

Martin Currie Inc provides investment management services for all North American clients, including pension funds, foundations and mutual funds.

The company is incorporated and domiciled in New York, USA and is regulated by the Financial Conduct Authority (UK) and the Securities and Exchange Commission (USA).

2. STATEMENT OF COMPLIANCE

The financial statements of Martin Currie Inc have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102").

3. BASIS OF PREPARATION

The financial statements are prepared under the historical cost convention as modified to include certain items at fair value through profit or loss and in accordance with United Kingdom accounting standards.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

The financial statements are presented in US dollars, the company's functional currency.

4. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of the financial statements in conformity with FRS 102 necessitates the use of estimates, assumptions and judgements. These affect the reported amounts of assets, liabilities and contingent liabilities at the reporting date as well as affecting the reported profit and losses for the year. Although the estimates are based on management's best knowledge and judgement of information and financial data, the actual outcome may differ from these estimates. The key assumptions that affect these results for the year and the balances as at the year-end are specifically identified, where appropriate, in the notes to the financial statements. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Taxation

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 10.

5. EXEMPTIONS FOR QUALIFYING ENTITIES UNDER FRS 102

FRS 102 paragraph 1.12 allows a qualifying entity certain disclosure exemptions. The exemptions taken, within these financial statements, are the requirement to prepare a statement of cash flows, the requirement to provide certain disclosures in respect of share based payments and financial instruments and the requirement to disclose key management personnel compensation in total.

6. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies are set out below. These policies have been consistently applied throughout the year and the preceding period, unless otherwise stated. The company has adopted Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") in these financial statements.

a) *Turnover*

Turnover is measured at the fair value of the consideration received or receivable. Turnover from the provision of asset management services is recognised as the services are provided, to the extent that it is probable that economic benefits will flow to the company and the revenue can be reliably measured. Turnover is recognised net of management fee rebates payable and applicable distribution fees payable to third parties, which are recognised over the period that the services are provided. Performance fees are recognised when the right to receive payment is established.

b) *Administrative Expenses*

Administrative expenses are accrued as services are provided.

c) *Foreign currencies*

The financial statements are presented in dollars, the company's functional and presentational currency. Transactions in foreign currencies are translated to the functional currency at the exchange rate ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date and any exchange differences are taken to the profit and loss account.

d) *Leases*

Rentals paid under operating leases are charged to the profit and loss account evenly over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

e) *Taxation*

Taxation expense for the year comprises any current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (cont.)
For the year ended 31 March 2020

6. PRINCIPAL ACCOUNTING POLICIES (cont.)

f) *Cash and cash equivalents*
Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

g) *Short-term debtors and creditors*
Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other operating expenses.

h) *Employee benefits*
The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

i) *Short term benefits*
Short term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

j) *Annual bonus plan*
The company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

k) *Share-based payments*
The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments granted at the date at which they are granted and is recognised on a straight-line basis as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. No expense is recognised for awards that do not ultimately vest, except where vesting is conditional upon a market or non vesting condition, which are treated as vesting irrespective of whether or not the market or non vesting condition is satisfied, providing that all other performance conditions are satisfied.

Legg Mason, Inc. restricted stock
The awards are a cash-settled liability of the company to Legg Mason, Inc.. Any balances outstanding in this regard are included within Amounts due to parent undertakings.

Martin Currie funds based compensation
For certain individuals an element of their bonus is invested in Martin Currie funds with the individual entitled to the investment proceeds upon disposal of the investments, providing they fulfil further service conditions. The costs of the funds are amortised on a straight line basis over the service period (either 3 or 4 years). This amount is recognised in the company's financial statements as a staff costs expense, within the Profit and Loss account, with the liability to the employee recognised in the balance sheet within Creditors.

7. TURNOVER

	2020 US$	2019 US$
US	7,173,762	5,057,907
Offshore (Bermuda and Cayman Islands)	1,108,962	10,299,517
Rest of the world	492,224	2,107,351
	8,774,948	17,464,775

Turnover is all derived from investment management services.

8. OPERATING LOSS

	2020 US$	2019 US$
This is stated after charging:		
Operating lease rentals - land and buildings	59,138	61,027
Foreign exchange losses	-	41,165
Exceptional items - administrative expenses:		
Cost reduction programme	-	174,045
Fees payable to PricewaterhouseCoopers LLP for the audit of the company's annual financial statements	13,051	13,019
Fees payable to PricewaterhouseCoopers LLP for other services:		
Other assurance services	6,216	6,341
Total fees paid to the auditors	19,267	19,360

Administrative expenses are accrued as services are provided.

9. OTHER OPERATING INCOME

	2020 US$	2019 US$
Foreign exchange gains	18,400	-
	18,400	-

NOTES TO THE FINANCIAL STATEMENTS (cont.)
For the year ended 31 March 2020

10. TAX CHARGE

a) Tax charge
The tax charge is made up as follows:

	2020 US$	2019 US$
San Francisco City tax	-	1,433
California State tax	800	800
	800	2,233
Adjustments in respect of prior years:		
New York State tax under provided in previous years	32	24
New York City tax under / (over) provided in previous years	25	(310)
	57	(286)
Current tax charge for year	857	1,947
Deferred tax		
Federal, New York State and City deferred tax	-	1,963,929
Federal, New York State and City deferred tax - under provided in previous years	-	7,962
Total deferred tax	-	1,971,891
Total tax charge for current year	857	1,973,838

b) Factors affecting current tax charge
The tax assessed on the loss for the year before taxation is higher (2019: higher) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The UK tax rate is used as this is of most relevance to the parent company, which pays UK tax. The differences are reconciled below:

	2020 US$	2019 US$
Loss before taxation	(451,362)	(1,185,702)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	(85,759)	(225,283)
Write down of deferred tax	-	1,963,929
Losses not recognised for tax purposes	85,759	225,283
Adjustments in respect of prior years	57	7,676
Overseas tax suffered	800	2,233
Total tax charge for year	857	1,973,838

c) Deferred tax unprovided
Deferred taxation amounts not provided are as follows:

	2020 US$	2019 US$
Tax losses	2,368,766	2,181,451
Deferred tax unprovided	2,368,766	2,181,451

The unrecognised deferred tax assets in 2020 and 2019 relate to excess unrelieved US Federal tax losses. It is considered too uncertain that there will be taxable profits in the future against which the deferred tax asset can be offset, therefore, in accordance with FRS 102 - Section 29 "Income Tax" the asset has not been recognised.

11. DEBTORS

	2020 US$	2019 US$
Trade debtors	201	862,881
Amounts owed by fellow subsidiary undertakings	5,985	123,379
Amounts owed by parent undertakings	149,081	-
Tax recoverable	9,876	9,933
Prepayments and accrued income	1,800,546	1,819,398
	1,965,689	2,815,591

12. CREDITORS: amounts falling due within one year

	2020 US$	2019 US$
Amounts due to fellow subsidiary undertakings	1,043,756	4,715,863
Amounts due to parent undertakings	290,635	239,912
Accruals and other creditors	311,263	363,381
	1,645,654	5,319,156

Amounts owed to group undertakings are non-interest bearing and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (cont.)
For the year ended 31 March 2020

	2020	2019
13. CALLED UP SHARE CAPITAL	*US$*	*US$*
Issued and fully paid:		
5,388 Ordinary shares of 10c each (2019: 5,388)	539	539

14. SHARE-BASED PAYMENTS

Legg Mason, Inc. Restricted Stock

Legg Mason, Inc. issued restricted stock to certain employees of Martin Currie Inc in lieu of bonus. These are cash-settled by Martin Currie Inc. The fair value of the restricted stock is calculated by Legg Mason, Inc.. This charge is being spread over the vesting period of the awards. The charge reflected in the profit and loss account for the year ended 31 March 2020 is $73,895 (31 March 2019: $26,726). The amounts due to Legg Mason, Inc. are settled on a monthly basis. Any amounts outstanding at the year-end are included within Creditors - Amounts due to parent undertakings.

Martin Currie funds based compensation

Martin Currie Inc acquired units in Martin Currie funds for certain employees in lieu of bonus. The aggregate cost is being spread over the performance period to which the payment relates, using the straight-line method. The charge recognised in the year ended 31 March 2020 is $10,350 (31 March 2019: $8,705). These charges are included within staff costs. The amount due to employees is included within Creditors, reflecting the amortised cost to date, excluding units vested.

15. FINANCIAL RISK MANAGEMENT

Risk is an inherent part of Martin Currie Inc's business and the extent to which risks are properly identified, assessed, managed and monitored is critical to reputation, commercial success and to ensuring good outcomes for clients.

To achieve this, a robust risk management framework is in place that includes the design, by management, of suitable systems and controls which facilitate informed risk-based decision making.

The company has limited exposure to foreign exchange, liquidity, credit, market price and operational risk. The company has established a comprehensive framework for monitoring changes in the market and responding accordingly.

a) Foreign exchange risk
Foreign exchange risk is considered limited due to the low volume of transactions executed in foreign currency. All foreign currency transactions are considered on a case by case basis in order to mitigate risk.

b) Liquidity risk
Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due or can only do so at a significantly increased cost. Martin Currie Limited group's management establishes the overall liquidity and capital policies of the Group. The Group's risk management policies are designed to mitigate the potential risk that the Group and company may be unable to access adequate financing to service its financial obligations when they fall due without adverse business impact. The Martin Currie Limited group has cash surpluses available to fund ongoing operations and future developments. The company also has the capability of requesting further liquidity from Legg Mason, Inc. if required.

c) Credit risk
Credit risk is the risk of unexpected loss to the company if a client is unable to pay in full amounts when due, and arises principally from the company's receivables from customers. Levels of receivables are monitored regularly by senior management and exposure is spread over a large number of counterparties and those counterparties are principally institutions with credit ratings assigned by international ratings agencies. As such the company has no significant concentration of credit risk. No credit risk mitigation techniques are applied.

d) Market price risk
Market risk is defined as the current or prospective risk to earnings or value arising from adverse movements in equity and commodity prices, interest and/or foreign exchange risks (which is discussed in more detail at a) above). The company has in place robust processes to monitor market price risk and respond to changes accordingly.

e) Operational risk
Operational risk is defined as the risk of reduction in earnings and/or value, through financial or reputational loss, from inadequate or failed internal processes and systems, or from people related or external events. Where regulatory rules require, capital is held against a number of operational risks.

16. RELATED PARTY TRANSACTIONS

The company's ultimate parent undertaking is Legg Mason, Inc.. The consolidated financial statements of this company are publicly available and include the balances of transactions with group members who are wholly owned related parties of the group. Under the provisions of FRS 102 Section 33, transactions with related parties who are wholly owned by a common parent are not disclosed. Also, a qualifying entity exemption has been taken which removes the requirement to disclose compensation to key management personnel in total.

17. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

Martin Currie Limited, a company registered in the United Kingdom, is the immediate parent company of Martin Currie Inc. Their financial statements are not consolidated.

The ultimate parent company and controlling party is Legg Mason, Inc.. The financial statements of Legg Mason, Inc. are the largest and only group for which consolidated financial statements are prepared at 31 March 2020. Copies of the consolidated financial statements of Legg Mason, Inc. are available from 100 International Drive, Baltimore, MD 21202, USA.

NOTES TO THE FINANCIAL STATEMENTS (cont.)
For the year ended 31 March 2020

18. SUBSEQUENT EVENTS

On 15 May 2020, Legg Mason's shareholders approved the acquisition by Franklin Templeton, completion of the acquisition is subject to additional closing conditions.