

**Ashmore Group Limited**

**Directors' report and consolidated  
financial statements**

For the year ended 30 June 2001  
Registered number 3675683



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15/03/02

## **Directors' report and financial statements**

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## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 30 June 2001.

### **Background Information**

During the year Ashmore Investments (UK) Limited acquired the following subsidiaries:

International Administration (Guernsey) Limited. Acquired on 14 February 2001 and has been accounted for by the acquisition method of accounting

Ashmore AOF(GP) Limited  
Ashmore Asset Management Limited

### **Principal activities**

The principal activity of Ashmore Group Limited is that of a holding company. The principal activities of the group are the provision of investment, corporate finance advisory and fund administration services. The directors do not anticipate any change in the nature of its activity in the foreseeable future.

### **Business review**

The results for the group are presented on page 5. The retained profit of the group for the period amounted to £15,235,427.

### **Directors and directors' interests**

The directors who held office during the year were as follows:

M Coombs  
J Moulton  
J Green

The directors who held office at the end of the financial year had the following interests in the ordinary shares of group companies according to the register of directors' interests:

	<b>Company</b>	<b>Class of share</b>	<b>Interest at end of year</b>	<b>Interest at start of year</b>
M Coombs	Ashmore Group Limited	Ordinary 'A'	166,500	166,500
J Moulton	Ashmore Group Limited	Ordinary 'B'	21,000	21,000
J Green	Ashmore Group Limited	Ordinary 'C'	37,500	37,500

**Political and charitable contributions**

The group made no political or charitable contributions during the year.

**Auditors**

The company has elective resolutions in force to dispense with the laying of accounts before the shareholders in general meeting, the holding of Annual General Meetings and the obligation to appoint auditors annually, pursuant to sections 252, 366A and 386 (1) of the Companies Act 1985. KPMG Audit Plc will therefore be deemed to have been re-appointed auditors of the Company at the end of the period of 28 days commencing with the day on which copies of the report and accounts are sent to the members, unless a resolution is passed under section 303 of the Companies Act 1985 to terminate their appointment.

By order of the board



**M L Coombs**  
*Director*

Registered Office;  
110 Cannon Street  
London  
EC3N 6AR

19 December 2001

## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

## KPMG Audit Plc

PO Box 695  
8 Salisbury Square  
London  
EC4Y 8BB

### **Report of the auditors to the members of Ashmore Group Limited**

We have audited the financial statements on pages 5 to 17.

#### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

#### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 30 June 2001 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

**KPMG Audit Plc**

*11* January 2002

## Consolidated profit and loss account

	<i>Note</i>	<b>Year ended 30 June 2001</b> £	<b>Year ended 30 June 2000</b> £
Fees and commissions receivable	1	30,192,765	14,153,393
<b>Operating expenses</b>			
Administration expenses		(8,000,787)	(5,280,190)
Fees and commissions payable		(615,381)	(167,045)
		<hr/>	<hr/>
<b>Operating profit</b>		21,576,597	8,706,158
<b>Interest receivable and similar income</b>		1,075,154	157,520
<b>Interest payable and other charges</b>		(457,268)	(170,511)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		22,194,483	8,693,167
<b>Tax on profit on ordinary activities</b>	5	(6,963,804)	(2,931,854)
<b>Minority Interest</b>		4,748	-
		<hr/>	<hr/>
<b>Retained profit for the period</b>		<u>15,235,427</u>	<u>5,761,313</u>

The company had no recognised gains or losses other than the profit for the period. All of the results relate to continuing operations.

## Consolidated balance sheet

at 30 June

	Note	2001		2000
		£	£	£
<b>Fixed assets</b>				
Goodwill	6	6,662,221		7,531,205
Tangible assets	7	252,199		198,915
		6,914,420		7,730,120
<b>Current assets</b>				
Debtors	9	1,693,786		1,265,821
Cash at bank and in hand		22,751,033		6,196,418
		24,444,819		7,462,239
<b>Creditors: amounts falling due within one year</b>	10	(8,965,363)		(8,065,976)
<b>Net current assets/(liabilities)</b>		15,479,456		(603,737)
<b>Net assets</b>		22,393,876		7,126,383
<b>Capital and reserves</b>				
Called up share capital	11	3,000		3,000
Share premium account	12	297,000		297,000
Profit and loss account	12	22,061,810		6,826,383
<b>Minority Interest</b>		32,066		-
<b>Shareholders' funds</b>		22,393,876		7,126,383

These financial statements were approved by the board of directors on 19 December 2001 and were signed on its behalf by:

  
**Mark Coombs**  
 Director



**Balance sheet**  
*at 30 June*

	<i>Note</i>	<b>2001</b>		<b>2000</b>	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7		171,546		198,915
Investments	8		9,710,235		9,710,235
			<hr/>		<hr/>
			9,881,781		9,909,150
<b>Current assets</b>					
Debtors	9	1,114,058		647,845	
Cash at bank and in hand		16,445,935		2,550,213	
			<hr/>		<hr/>
<b>Creditors:</b> amounts falling due within one year	10	17,559,993		3,198,058	
		(4,001,657)		(5,741,765)	
			<hr/>		<hr/>
<b>Net current assets/( liabilities)</b>			13,558,336		(2,543,707)
			<hr/>		<hr/>
<b>Net assets</b>			23,440,117		7,365,443
			<hr/> <hr/>		<hr/> <hr/>
<b>Capital and reserves</b>					
Called up share capital	11		3,000		3,000
Share premium account	12		297,000		297,000
Profit and loss account	12		23,140,117		7,065,443
			<hr/>		<hr/>
<b>Shareholders' funds</b>			23,440,117		7,365,443
			<hr/> <hr/>		<hr/> <hr/>

These financial statements were approved by the board of directors on 19 December 2001 and were signed on its behalf by:

  
**Mark Colmbe**  
*Director*

## Consolidated cash flow statement

	<i>Note</i>	<b>Year ended 30 June 2001 £</b>	<b>Year ended 30 June 2000 £</b>
<b>Cash flow statement</b>			
Cash flow from operating activities	15	24,769,035	10,399,275
Returns on investments and servicing of finance	16	300,745	139,900
Taxation		(4,454,079)	(1,173,490)
Capital expenditure and financial investment		(46,588)	(220,908)
Settlement of deferred consideration		(3,966,555)	(3,089,853)
Acquisitions and disposals	16	(111,032)	-
		<hr/>	<hr/>
Cash inflow/(outflow) before management of liquid resources and financing		16,491,526	6,054,924
Cash on acquisition of subsidiary		63,089	-
Financing		-	(1,700,000)
		<hr/>	<hr/>
Increase in cash in the period		16,554,615	4,354,924
Net funds at the start of the period		6,196,418	1,841,494
		<hr/>	<hr/>
Net funds at the end of the period	17	22,751,033	6,196,418
		<hr/> <hr/>	<hr/> <hr/>

**Reconciliation of movements in shareholders' funds**

	2001 Group £	2001 Company £	2000 Group £	2000 Company £
<b>Profit for the financial year</b>	15,235,427	16,074,674	5,761,313	6,007,539
Opening shareholders' funds	7,126,383	7,365,443	1,365,070	1,357,904
Minority Interest	32,066	-	-	-
<b>Closing shareholders' funds</b>	<u>22,393,876</u>	<u>23,440,117</u>	<u>7,126,383</u>	<u>7,365,443</u>

## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

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

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

#### ***Basis of consolidation***

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 30 June 2001. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Under section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account. The company's retained profit for the period was £16,074,674.

#### ***Fees and commissions receivable***

Management and Administration fees are accrued on a monthly basis based upon funds under management. Performance fees are receivable based upon the performance of each fund for its financial year. These are recognised by the company when the underlying accounts of the funds are approved by all parties. Corporate finance fees are considered to have been earned in full and are credited to the profit and loss account upon reasonable certainty of receipt.

#### ***Goodwill***

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life. Under the requirements of FRS 10 the directors have estimated the useful life of goodwill arising in the period to be 10 years. In the company's financial statements, investments in subsidiary undertakings are stated at cost less amounts written off.

#### ***Foreign currencies***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### ***Taxation***

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise

Notes (continued)

1 **Accounting policies (continued)**

*Fixed Assets*

Fixed Assets comprising fixtures, fittings, tools and equipment are depreciated on a straight line basis over 5 years (20% per annum).

2 **Profit on ordinary activities before taxation**

	2001	2000
	£	£
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration:		
Group - audit	33,062	28,500
- fees paid to the auditor and its associates in respect of other services	119,285	40,294
Company - audit	30,000	26,000
- fees paid to the auditor and its associates in respect of other services	119,285	9,369
Depreciation of tangible fixed assets	58,683	34,717
Amortisation of goodwill	868,983	1,104,201
<i>after crediting (charging)</i>		
Exchange gains (losses)	(457,268)	(156,923)

3 **Remuneration of directors**

	2001	2000
	£	£
Directors' emoluments (highest: £348,508)	691,583	354,882
Company contributions to money purchase pension schemes	10,500	9,100
	702,083	363,982
	702,083	363,982

	Number of	directors
	2001	2000

Retirement benefits are accruing to the following number of directors under:

Money purchase schemes	2	2
	2	2

**Notes** *(continued)*

**4 Staff numbers and costs**

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2001	2000
Investment management and Administration	22	14
	<u>          </u>	<u>          </u>

The aggregate payroll costs of these persons were as follows:

	2001	2000
	£	£
Wages and salaries	2,571,356	1,345,370
Social security costs	277,723	141,147
Other pension costs	92,097	55,098
	<u>          </u>	<u>          </u>
	2,941,176	1,541,615
	<u>          </u>	<u>          </u>

**5 Taxation**

The charge is based on the taxable results of the group for the period and comprises

	2001	2000
	£	£
Corporation tax in current period at 30%	6,963,804	2,931,854
	<u>          </u>	<u>          </u>

## Notes (continued)

### 6 Goodwill

	<b>£</b>
<b>Group</b>	
At beginning and end of period	8,689,854
	<hr/>
<b>Amortisation</b>	
At beginning of period	1,158,649
Charged in period	868,984
	<hr/>
At end of period	2,027,633
	<hr/>
<b>Net book value</b>	
<b>At 30 June 2001</b>	<b>6,662,221</b>
	<hr/> <hr/>

The cumulative amount of goodwill written off from acquisition of subsidiary undertaking in the current and earlier years is £2,027,633 (2000 : £1,158,649).

### 7 Tangible fixed assets

	<b>Fixtures, fittings tools and equipment Company</b>	<b>Fixtures, fittings tools and equipment Group</b>
	<b>£</b>	<b>£</b>
At beginning of period	233,632	233,632
Acquired on purchase of subsidiary	-	85,687
Additions	22,928	46,588
	<hr/>	<hr/>
At end of period	256,560	365,907
	<hr/>	<hr/>
<b>Depreciation</b>		
At beginning of period	(34,717)	(34,717)
Acquired on purchase of subsidiary	-	(20,308)
Charged in period	(50,297)	(58,683)
	<hr/>	<hr/>
At end of period	(85,014)	(113,708)
	<hr/>	<hr/>
<b>Net book value</b>		
<b>At 30 June 2001</b>	<b>171,546</b>	<b>252,199</b>
	<hr/> <hr/>	<hr/> <hr/>

**Notes** *(continued)*

**8 Fixed asset - Investments**

	Shares in group undertakings £
<i>Company</i>	
At beginning and end of year	9,710,235

The subsidiary undertakings of the group are as follows:

	Country of incorporation	Principal activity	Class and percentage of shares held
<i>Subsidiary undertakings</i>			
Ashmore Investments (UK) Limited	England	Holding Company	Ordinary 100%
Ashmore Investment Management Limited*	England	Fund Management Investment Adviser	Ordinary 100%
Ashmore Corporate Finance Limited*	England	Corporate Finance Adviser	Ordinary 100%
Ashmore Asset Management Limited*	England	Dormant	Ordinary 100%
Ashmore Management Company Limited*	Guernsey	Fund Management	Ordinary 100%
International Administration (Guernsey) Limited*	Guernsey	Fund Administration	Ordinary 75.1%
Ashmore AOF(GP) Limited*	Grand Cayman	Partnership Management	Ordinary 100%

\* Held indirectly by Ashmore Investments (UK) Limited.



**Notes** *(continued)*

**9 Debtors**

	<b>Group 2001 £</b>	<b>Company 2001 £</b>	<b>Group 2000 £</b>	<b>Company 2000 £</b>
Trade debtors	1,299,052	68,867	908,425	-
Amounts owed by subsidiary undertakings	-	758,727	-	292,528
Other debtors	56,139	56,139	60,240	60,240
Prepayments and accrued income	338,595	230,325	297,156	295,077
	<hr/>	<hr/>	<hr/>	<hr/>
	1,693,786	1,114,058	1,265,821	647,845
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**10 Creditors: amounts falling due within one year**

	<b>Group 2001 £</b>	<b>Company 2001 £</b>	<b>Group 2000 £</b>	<b>Company 2000 £</b>
Taxation and social security	4,591,796	-	2,082,072	-
Other creditors	-	-	3,966,555	3,966,555
Accruals and deferred income	4,373,567	4,001,657	2,017,349	1,775,210
	<hr/>	<hr/>	<hr/>	<hr/>
	8,965,363	4,001,657	8,065,976	5,741,765
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**11 Called up share capital**

	<b>2001 £</b>	<b>2000 £</b>
<i>Authorised</i>		
166,500 'A' Ordinary shares of 1 pence each	1,665	1,665
21,000 'B' Ordinary shares of 1 pence each	210	210
172,500 'C' Ordinary shares of 1 pence each	1,725	1,725
	<hr/>	<hr/>
	3,600	3,600
	<hr/> <hr/>	<hr/> <hr/>
<i>Allotted, called up and fully paid</i>		
166,500 'A': Ordinary shares of 1 pence each	1,665	1,665
21,000 'B' Ordinary shares of 1 pence each	210	210
112,500 'C' Ordinary shares of 1 pence each	1,125	1,125
	<hr/>	<hr/>
	3,000	3,000
	<hr/> <hr/>	<hr/> <hr/>

All the above ordinary shares represent equity of the company and rank pari passu in respect of participation and voting rights.

**Notes** *(continued)*

**12 Share premium and reserves**

	2001		2000	
	Group		Group	
	Share premium account £	Profit and loss account £	Share premium account £	Profit and loss account £
At beginning of period	297,000	6,826,383	-	1,065,070
Retained profit for the period	-	15,235,427	-	5,761,313
Premium on share issues, less expenses	-	-	297,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
<u>At end of period</u>	<u>297,000</u>	<u>22,061,810</u>	<u>297,000</u>	<u>6,826,383</u>

  

	Company		Company	
	Share premium account £	Profit and loss account £	Share premium account £	Profit and loss account £
	At beginning of period	297,000	7,065,443	-
Retained profit for the period	-	16,074,674	-	6,007,539
Premium on share issues, less expenses	-	-	297,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
<u>At end of period</u>	<u>297,000</u>	<u>23,140,117</u>	<u>297,000</u>	<u>7,065,443</u>

**13 Pension scheme**

The group operates a defined contribution scheme. The pension cost charge for the period of £92,097 represents contributions payable by the group to the fund. There were no outstanding or prepaid contributions at year end.

**14 Operating lease commitments**

Annual commitments under non-cancellable operating leases were as follows:

Operating leases which expire:	2001	2000
	£	£
Within one year	9,212	8,322
Over one year but not more than five years	169,000	169,000
Over five years	42,264	-

**Notes** *(continued)*

**15 Reconciliation of operating profit to operating cash flows**

	2001 £	2000 £
Operating profit	21,690,317	8,706,158
Depreciation, amortisation and impairment charges	927,666	1,138,918
Increase in debtors	(220,521)	(17,110)
Increase in creditors	2,485,293	571,309
Net cash inflow from continuing activities	24,769,035	10,399,275

**16 Analysis of cash flows**

	2001 £	£
<b>Returns on Investment and servicing of finance</b>		
Interest received	873,624	
Other Income	30,958	
Foreign exchange	(603,834)	
		300,745
<b>Acquisitions and disposals</b>		
Purchase of subsidiary undertaking	(147,845)	
24.9% disposal of subsidiary	36,813	
		(111,032)

**17 Analysis of net funds**

	At beginning of year £	Cash flow £	At end of year £
Cash in hand, at bank	6,196,418	16,554,615	22,751,033