

**Ashmore Group Limited**

**Directors' report and consolidated  
financial statements**

For the year ended 30 June 2002  
Registered number 3675683



## **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 2002.

### Principal activities

The principal activity of Ashmore Group Limited is that of a holding company. The principal activities of the subsidiaries 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 year amounted to £8,222,746.

### 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:

	Company	Class of share	Interest at end of year	Interest at start of year
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

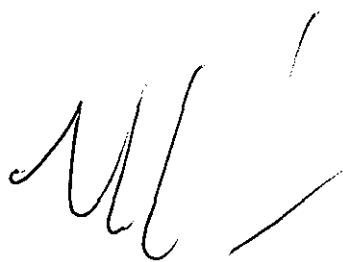
### Political and charitable contributions

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

A handwritten signature in black ink, appearing to read 'M L Coombs', with a long horizontal stroke extending to the right.

**M L Coombs**  
*Director*

Registered Office:  
110 Cannon Street  
London  
EC3N 6AR

12 December 2002

## **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.

## **Report of the independent 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 by 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 1985. 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 audit 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 judgments 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 2002 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  
Chartered Accountants  
Registered Auditor

Date: 16 December 2002

## Consolidated profit and loss account

	<i>Note</i>	<b>Year ended 30 June 2002</b>	<b>Year ended 30 June 2001</b>
		<b>£</b>	<b>£</b>
Fees and commissions receivable	<i>1</i>	19,523,513	30,192,765
<b>Operating expenses</b>			
Administration expenses		(7,780,766)	(8,000,787)
Fees and commissions payable		(1,129,258)	(615,381)
<b>Operating profit</b>		<u>10,613,489</u>	<u>21,576,597</u>
<b>Interest receivable and similar income</b>		1,089,706	1,075,154
<b>Interest payable and other charges</b>		647,201	(457,268)
<b>Profit on ordinary activities before taxation</b>	<i>2</i>	<u>12,350,396</u>	<u>22,194,483</u>
<b>Tax on profit on ordinary activities</b>	<i>5</i>	(4,057,794)	(6,963,804)
<b>Minority Interest</b>		(69,856)	4,748
<b>Retained profit for the year</b>		<u><u>8,222,746</u></u>	<u><u>15,235,427</u></u>


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

## Consolidated balance sheet

at 30 June

	Note	2002		2001	
		£	£	£	£
<b>Fixed assets</b>					
Goodwill	6		5,793,236		6,662,221
Tangible assets	7		190,783		252,199
			<hr/>		<hr/>
			5,984,019		6,914,420
<b>Current assets</b>					
Debtors	9	2,764,337		1,693,786	
Cash at bank and in hand		29,622,408		22,751,033	
		<hr/>		<hr/>	
<b>Creditors: amounts falling due within one year</b>	10	32,386,745		24,444,819	
		(7,684,286)		(8,965,363)	
		<hr/>		<hr/>	
<b>Net current assets</b>			24,702,459		15,479,456
			<hr/>		<hr/>
<b>Net assets</b>			30,686,478		22,393,876
			<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		30,284,556		22,061,810
			<hr/>		<hr/>
<b>Minority Interest</b>			101,922		32,066
			<hr/>		<hr/>
<b>Shareholders' funds</b>			30,686,478		22,393,876
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 12 December 2002 and were signed on its behalf by:

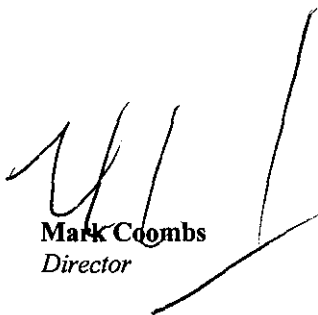
  
**Mark Coombs**  
 Director



**Balance sheet**  
*at 30 June*

	<i>Note</i>	<b>2002</b>		<b>2001</b>	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7		123,711		171,546
Investments	8		9,710,235		9,710,235
			<hr/>		<hr/>
			9,833,946		9,881,781
 <b>Current assets</b>					
Debtors	9	206,871		1,114,058	
Cash at bank and in hand		19,206,732		16,445,935	
			<hr/>		<hr/>
<b>Creditors: amounts falling due within one year</b>	10	19,413,603 (4,136,000)		17,559,993 (4,001,657)	
			<hr/>		<hr/>
 <b>Net current assets</b>			15,277,603		13,558,336
			<hr/>		<hr/>
<b>Net assets</b>			25,111,549		23,440,117
			<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		24,811,549		23,140,117
			<hr/>		<hr/>
<b>Shareholders' funds</b>			25,111,549		23,440,117
			<hr/> <hr/>		<hr/> <hr/>

These financial statements were approved by the board of directors on 12 December 2002 and were signed on its behalf by:

  
**Mark Coombs**  
*Director*

## Consolidated cash flow statement

	<i>Note</i>	<b>Year ended 30 June 2002</b>	<b>Year ended 30 June 2001</b>
		£	£
<b>Cash flow statement</b>			
Cash flow from operating activities	15	10,804,534	24,769,035
Returns on investments and servicing of finance	16	1,196,744	904,582
Taxation		(5,440,156)	(4,454,079)
Capital expenditure and financial investment	16	(19,136)	(46,588)
Settlement of deferred consideration		-	(3,966,555)
Acquisitions and disposals	16	-	(111,032)
		<hr/>	<hr/>
Cash inflow before management of liquid resources and financing		6,541,986	17,095,360
Cash on acquisition of subsidiary		-	63,089
		<hr/>	<hr/>
Increase in cash in the year		6,541,986	17,158,452
Effects of foreign exchange gain/(loss) on cash		329,389	(603,834)
Net funds at the start of the year		22,751,033	6,196,418
		<hr/>	<hr/>
Net funds at the end of the year	17	29,622,408	22,751,033
		<hr/> <hr/>	<hr/> <hr/>

## Reconciliation of movements in shareholders' funds

	2002 Group £	2002 Company £	2001 Group £	2001 Company £
<b>Profit for the financial year</b>	8,222,746	1,671,432	15,235,427	16,074,674
Opening shareholders' funds	22,393,876	23,440,117	7,126,383	7,365,443
Minority Interest	69,856	-	32,066	-
<b>Closing shareholders' funds</b>	<u>30,686,478</u>	<u>25,111,549</u>	<u>22,393,876</u>	<u>23,440,117</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 2002. 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 year was £1,671,432.

#### ***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, or at such times when the performance fees can be reliably measured. 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**

	2002	2001
	£	£
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration:		
Group - audit	40,147	33,062
- fees paid to the auditor and its associates in respect of other services	49,500	119,285
Company - audit	30,600	30,000
- fees paid to the auditor and its associates in respect of other services	49,500	119,285
Depreciation of tangible fixed assets	80,551	58,683
Amortisation of goodwill	868,985	868,983
<i>after crediting (charging)</i>		
Exchange gains/(losses)	647,201	(457,268)

**3 Remuneration of directors**

	2002	2001
	£	£
Directors' emoluments (highest: £643,356)	1,019,533	691,583
Company contributions to money purchase pension schemes	11,900	10,500
	1,031,433	702,083
	1,031,433	702,083

**Number of directors**  
 2002                      2001

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	
	2002	2001
Investment management and Administration	28	22

The aggregate payroll costs of these persons were as follows:

	2002	2001
	£	£
Wages and salaries	4,297,898	2,571,356
Social security costs	461,239	277,723
Other pension costs	112,610	92,097
	4,871,747	2,941,176

**5 Taxation**

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

	2002	2001
	£	£
Corporation tax in current year at 30%	4,057,794	6,963,804

**Notes (continued)**

**6 Goodwill**

	<b>£</b>
<i>Group</i>	
At beginning and end of period	8,689,854
	<hr/>
<i>Amortisation</i>	
At beginning of period	2,027,633
Charged in period	868,985
	<hr/>
At end of period	2,896,618
	<hr/>
<i>Net book value</i>	
At 30 June 2002	5,793,236
	<hr/> <hr/>

The cumulative amount of goodwill written off from acquisition of subsidiary undertaking in the current and earlier years is £2,896,618 (2001 : £2,027,633).

**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	256,560	365,907
Additions	3,912	19,136
	<hr/>	<hr/>
At end of period	260,472	385,043
	<hr/>	<hr/>
<i>Depreciation</i>		
At beginning of period	(85,014)	(113,708)
Charged in period	(51,747)	(80,552)
	<hr/>	<hr/>
At end of period	(136,761)	(194,260)
	<hr/>	<hr/>
<i>Net book value</i>		
At 30 June 2002	123,711	190,783
	<hr/> <hr/>	<hr/> <hr/>

**Notes** *(continued)*

**8 Fixed asset - Investments**

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

The subsidiary undertakings of the group are as follows:

	<b>Country of incorporation</b>	<b>Principal activity</b>	<b>Class and percentage of shares held</b>
<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**

	Group 2002 £	Company 2002 £	Group 2001 £	Company 2001 £
Trade debtors	2,194,649	9,605	1,299,052	68,867
Amounts owed by subsidiary undertakings	-	3,181	-	758,727
Other debtors	31,692	31,692	56,139	56,139
Prepayments and accrued income	537,996	162,393	338,595	230,325
	<u>2,764,337</u>	<u>206,871</u>	<u>1,693,786</u>	<u>1,114,058</u>

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

	Group 2002 £	Company 2002 £	Group 2001 £	Company 2001 £
Taxation and social security	3,209,421	8,464	4,591,796	-
Accruals and deferred income	4,474,865	4,127,536	4,373,567	4,001,657
	<u>7,684,286</u>	<u>4,136,000</u>	<u>8,965,363</u>	<u>4,001,657</u>

**11 Called up share capital**

	2002 £	2001 £
<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
	<u>3,600</u>	<u>3,600</u>
<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
	<u>3,000</u>	<u>3,000</u>

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**

	<b>2002 Group</b>		<b>2001 Group</b>	
	Share premium account £	Profit and loss account £	Share premium account £	Profit and loss account £
At beginning of period	297,000	22,061,810	297,000	6,826,383
Retained profit for the period	-	8,222,746	-	15,235,427
<u>At end of period</u>	<u>297,000</u>	<u>30,284,556</u>	<u>297,000</u>	<u>22,061,810</u>

	<b>Company</b>		<b>Company</b>	
	Share premium account £	Profit and loss account £	Share premium account £	Profit and loss account £
At beginning of period	297,000	23,140,117	297,000	7,065,443
Retained profit for the period	-	1,671,432	-	16,074,674
<u>At end of period</u>	<u>297,000</u>	<u>24,811,549</u>	<u>297,000</u>	<u>23,140,117</u>

**13 Pension scheme**

The group operates a defined contribution scheme. The pension cost charge for the period of £91,697 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:	<b>2002</b>	<b>2001</b>
	£	£
Within one year	177,803	9,212
Over one year but not more than five years	42,264	169,000
Over five years	-	42,264

**Notes (continued)**

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

	2002 £	2001 £
Operating profit	10,613,489	21,690,317
Depreciation, amortisation and impairment charges	949,537	927,666
Increase in debtors	(859,789)	(220,521)
Increase in creditors	101,297	2,485,293
	10,804,534	24,769,035
Net cash inflow from continuing activities	10,804,534	24,769,035

**16 Analysis of cash flows**

	2002 £	£
<b>Returns on Investment and servicing of finance</b>		
Interest received	1,098,387	
Other income received	98,357	
	1,196,744	1,196,744
<b>Acquisitions and disposals</b>		
Purchase of fixed assets	19,136	
	19,136	19,136

**17 Analysis of net funds**

	At beginning of year £	Cash flow £	At end of year £
Cash in hand, at bank	22,751,033	6,871,375	29,622,408
	22,751,033	6,871,375	29,622,408