

First State Investment Management (UK) Limited

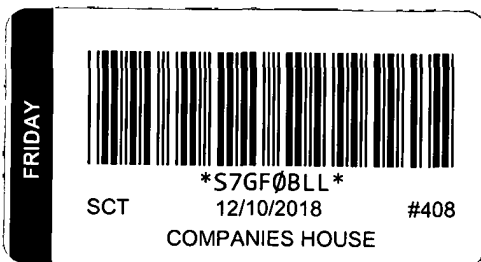
REPORT AND FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2018

REGISTERED NUMBER SC047708

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FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2018

Directors:

The Directors of First State Investment Management (UK) Limited ("the Company") who were in office during the year and up to the date of signing the financial statements were:

- P Griffiths
- C F Johnson*
- V W C Kubitscheck* (appointed 24 July 2018)
- K Lakhani (resigned 11 May 2018)
- M J Lazberger
- S Turner (resigned 15 January 2018)
- C R S Turpin
- R C Wastcoat*

*Denotes non-executive Director

Company Secretary:

The following person held office as a Secretary during the year and up to the date of this report:

R Sheppard

Registered Office: 23 St Andrew Square, Edinburgh, EH2 1BB

The Company is a private company limited by shares and is incorporated in Scotland.

The Directors present their report and the audited financial statements of the Company for the year ended 30 June 2018.

Directors and their Interests

The Directors of the Company during the year were those listed above. There are no Directors' share interests requiring disclosure under the Companies Act 2006.

Directors' and Officers' Insurance

Subject to the Companies Act 2006, insurance policies have been effected for the Directors and Officers of all FSI Europe Middle East and Africa ("EMEA") Group ("the Group") companies in respect of potential liabilities arising from negligence or error.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), 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.

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2018

Statement of Directors' Responsibilities (continued)

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of Information to Independent Auditors

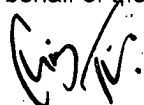
In the case of each of the Directors in office at the date the directors' report is approved, the following applies:

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

On behalf of the Board



C R S Turpin
Director
London

22 August 2018

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2018

Review of Business, Principal Risks and Uncertainties and Future Developments

The Company is part of the international operations of Colonial First State Global Asset Management ("CFSGAM"). CFSGAM operates as First State Investments outside Australia. CFSGAM/First State Investments is the consolidated asset management division of Commonwealth Bank of Australia ("CBA"). As at 30 June 2018, CFSGAM and First State Investments collectively managed A\$213bn (2017: A\$219bn) in assets under management ("AUM") on behalf of institutional investors, pension funds, wholesale distributors and platforms, financial planners and their clients worldwide.

CFSGAM is managed by CBA's Wealth Management ("WM") division. Within CBA, WM is responsible for the manufacture and administration of non-banking services, including business units such as Colonial First State in Australia and First State Investments in the UK and Asia. WM also provides strategic and operational support for the investment and insurance products of the Group.

On 25 June 2018, CBA announced to the Australian Securities Exchange (ASX) its intention to demerge its wealth management and mortgage broking businesses, including Colonial First State Global Asset Management (CFSGAM). The demerged entity will benefit from a separate ASX listing and the ability to pursue its own growth strategy.

The demerger is expected to complete in 2019, subject to final board, shareholder, and regulatory approvals.

The Company provides a range of specialist investment management services. The core areas of investment expertise cover Listed Equities, Fixed Income and Direct Infrastructure.

The Company houses a number of different investment teams that offer a variety of strategies across each of these asset classes for different client types. The Company's clients range from institutional investors such as defined benefit pension funds and sovereign wealth funds, to investors whose assets are aggregated by intermediaries.

The Company's distribution activities are performed throughout Europe with offices in Frankfurt and Paris.

The Company's strategic principles are:

- to protect and enhance its existing business;
- to expand its range of investment capabilities;
- to broaden and deepen its distribution capabilities;
- to develop its organisational and managerial capabilities; and
- continue to invest in and implement a global platform and processes.

Over the twelve months ended 30 June 2018 the business continued to develop successfully and in line with the key principles outlined above.

The key performance indicators of the First State Investments UK Group are:

	2018	2017
Average funds under management	£31.4bn	£34.5bn
Percentage of Funds outperforming 3 year benchmark	71.00%	77.00%
Net revenue margins by strategy		
Stewart Investors	0.82%	0.79%
First State Stewart Asia	0.67%	0.66%
Other Equities	0.69%	0.66%
Direct Infrastructure (including Performance Fees)	2.52%	1.42%
Fixed Income	0.33%	0.26%

The table above alongside other business performance indicators are provided to the board of directors on a quarterly basis for review and monitoring.

Net revenue margins have been calculated inclusive of any performance fees earned.

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2018

Review of Business, Principal Risks and Uncertainties and Future Developments (continued)

During the year, the Company has applied a significant amount of resources to ensure compliance with a large volume of regulatory reforms impacting the entire industry. Where required, project teams have been established to implement the reforms and several projects have been closed successfully whilst those in planning and/or execution phase are well advanced and on track to meet their objectives.

The Company has continued to monitor investment capacity across all of its investment strategies. As always the focus in this regard is to protect its existing investors and ensure that funds are closed ahead of them reaching a size that might compromise the ability to deliver competitive, long term returns.

During the year, the Company has worked on new product developments that it feels will have long term relevance to its clients. This work will result in a number of launches during the next financial year.

The Company has also continued to focus on the continued evolution of a business development platform (both institutional and intermediated in the UK and Europe) and business infrastructure so that it can grow the business and support this growth in a robust and sustainable manner.

Under the Alternative Investment Fund Management Directive ("AIFMD"), the Company delegates risk management responsibilities for relevant contracts to First State Investments (UK) Limited ("FSIUK"), which is the designated Alternative Investment Fund Manager ("AIFM") for the EMEA region. As a result of this, a portion of management fees relating to these products are retained within FSIUK as compensation for the risk services provided with a corresponding reduction in revenue within the Company. The Company maintains responsibility for investment management activities in relation to these contracts.

The principal risk to the level of profitability of the Company is the event of a market correction or a sustained period of underperformance that leads to a significant decrease in AUM. The particular long term investment style of the Group should protect its revenue and its customers' investments should any correction materialise. The business is also exposed to key person risk associated with investment teams. The Directors are of the opinion that key person risk has been mitigated as far as possible by, amongst other things, the use of long term incentive schemes. These risks have been reported in First State Investment's Internal Capital Adequacy Assessment Process ("ICAAP").

On 23 June 2016, the United Kingdom voted to leave the European Union commonly referred to as "Brexit". The effects of Brexit will impact asset managers in different ways. The FSI EMEA Group has formed a working committee which continues to assess the impacts on the Company and its operations. Whilst the final structure of the UK exit of the European Union is still unknown, work is progressing to ensure business continuity under all scenarios, including plans for an EU-domiciled subsidiary management company and to also capitalise on any strategic opportunities that may also arise. The Company remains focused on protecting client's interests and this is the foundation principle when assessing the business response to this event.

The Group remains committed to its strategic objectives which include protecting and enhancing its existing business and expanding its range of global investment capabilities.

The Directors consider that the Company's activities will continue unchanged in the foreseeable future.

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2018

Results and Dividends

The profit for the financial year after taxation but before dividends was £31,578,000 (2017: £19,681,000).

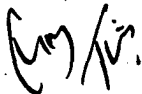
Dividends were recommended and paid as follows:

2018					2017				
Paid to Ordinary Share Class					Paid to Ordinary Share Class				
Dividend	Date paid	Paid (£'000)	"A" (£'000)	"B" (£'000)	Date paid	Paid (£'000)	"A" (£'000)	"B" (£'000)	
Interim	07/12/17	15,001	143	14,858	22/06/17	15,001	143	14,858	
	19/06/18	14,001	40	13,961					
Final	n/a	-	-	-	n/a	-	-	-	
		29,002	183	28,819		15,001	143	14,858	

The balance of profits retained in the Statement of Income and Retained Earnings was £11,885,000 (2017: £9,309,000).

The Company's AUM stood at £20.1bn (2017: £21.8bn). These figures include the First State Investments ICVC assets of £17.8bn (2017: £19.5bn) as the Company is the appointed Advisor.

On behalf of the Board



C R S Turpin
Director
London
22 August 2018

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED

Report on the financial statements

Our opinion

In our opinion, First State Investment Management (UK) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS102 "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 Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 30 June 2018; the statement of income and retained earnings 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 when:

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

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.

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED

Reporting on other information (continued)

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 Report of the Directors, 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 Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 30 June 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

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 set out on page 1, 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.

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED

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.

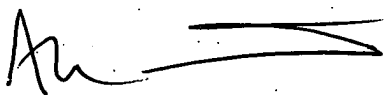
Other required reporting

Responsibilities for the financial statements and the audit

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 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.



Allan McGrath (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
22 August 2018

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 £'000	2017 £'000
Revenue	2	84,747	102,667
Administrative expenses		(65,956)	(99,331)
Operating profit	3	18,791	3,336
Group dividends received		17,000	17,000
Other interest receivable and similar income		91	34
Interest payable and similar expenses		-	(51)
Profit on ordinary activities before taxation		35,882	20,319
Tax charge on profit on ordinary activities	5	(4,304)	(638)
Profit on ordinary activities after taxation		31,578	19,681
Retained earnings at beginning of year		9,309	4,629
Group dividends paid	6	(29,002)	(15,001)
Retained earnings at end of year		11,885	9,309

There were no material acquisitions or discontinued operations during either financial year.

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED

REGISTERED NUMBER SC047708

BALANCE SHEET AS AT 30 JUNE 2018

		2018		2017	
	Note	£'000	£'000	£'000	£'000
Fixed Assets					
Investments	7		2,750		2,750
Current assets					
Cash at bank and in hand		5,721		141	
Debtors	8	46,847		83,468	
Deferred tax asset	9	1		1	
		<u>52,569</u>		<u>83,610</u>	
Creditors: Amounts falling due within one year	10	<u>(9,178)</u>		<u>(42,795)</u>	
Net current assets			<u>43,391</u>		<u>40,815</u>
Net assets			<u>46,141</u>		<u>43,565</u>
Capital and Reserves					
Called up share capital	11		34,256		34,256
Profit and loss account	12		<u>11,885</u>		<u>9,309</u>
Total shareholders' funds	12		<u>46,141</u>		<u>43,565</u>

The financial statements and notes on pages 9 to 16 were approved and authorised for issue by the Board of Directors on 22 August 2018 and were signed on its behalf by:



C R S Turpin
Director

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1. Principal activity and accounting policies

Principal activity

The principal activity of the Company is the management of investment portfolios, for clients resident both inside and outside the UK. The Company is regulated by the Financial Conduct Authority ("FCA").

The Company's parent company, CBA, incorporated in Australia and listed on the Australian Stock Exchange, is one of the largest Australian banks by market capitalisation and a leading provider of integrated financial services. CBA is regarded by the Directors of the Company as the Company's ultimate parent company.

Statement of compliance

The financial statements of the Company 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 the Republic of Ireland" ("FRS 102") and the Companies Act 2006. The Company is taking advantage utilising the reduced disclosure exemptions in section FRS 102 1.12 from presenting a cash flow statement and certain related party disclosures.

Principal accounting policies

A summary of the accounting policies, which have been applied consistently, is set out below.

(a) Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention. The principal accounting policies which have been applied consistently throughout both years are set out below. The financial statements contain information about the Company as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, CBA, a company incorporated in Australia.

(b) Revenue

Revenue recognition is based on the benefits to the Company of any income flows which can be reliably determined. Revenue of the Company is from the provision of asset management services and includes management fees and performance fees. Revenue is presented net of Value Added Tax and other sales taxes.

Management fees are recognised as earned, over the year in which the services are performed. Such fees are primarily based on predetermined percentages of the value of AUM and are presented net of allocations across entities made in accordance with the transfer pricing policy.

Performance fees are calculated with reference to performance benchmarks specified in the individual investment management agreements. Revenues arising in respect of performance fee arrangements are recognised provided that the outcome of such arrangements can be estimated reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

Interest received (and paid) is recognised on an accruals basis by applying the appropriate rate of interest.

(c) Administrative expenses

Administrative expenses are recognised in the year in which they are incurred and include amounts recharged from another group company.

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1. Principal activity and accounting policies (continued)

(d) Taxation

The charge for taxation is based on the profit or loss for the year as adjusted for disallowable items. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, together with adjustments to tax payable in respect of prior 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 that result in an obligation to pay more, or right to pay less, tax in future have occurred at the balance sheet date. Deferred tax assets are measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Deferred tax assets are recognised if it is considered probable there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent years.

(e) Foreign currencies

Income is recorded at the exchange rate on the date of invoice so foreign exchange differences arise between the rate on the date of invoice and the rate at which the amounts are translated into sterling on the date of receipt. Foreign currency balances have been translated at market rates of exchange ruling at the Balance Sheet date. Gains and losses on exchange are taken to the Statement of Income and Retained Earnings within Administrative Expenses.

(f) Investments

Investments in subsidiaries are shown in the Balance Sheet at cost less impairment, where applicable. Investments are subject to review for impairment by the Directors annually or otherwise when determined to be required.

(g) Cash flow statement

The Company is a wholly owned subsidiary of CBA and the cash flows of the Company are included in the consolidated group cash flow statement of CBA. Therefore the Company utilises an exemption (FRS 102 1.12) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows.

(h) Employees

There are no employees of the Company (2017: nil). The management and administration is undertaken by employees of other companies within the Group.

(i) Debtors

Debtors are measured at the transaction price, less any impairment.

(j) Creditors

Creditors are measured at the transaction price.

2. Revenue

	2018 £'000	2017 £'000
Revenue comprises:		
Management fees	12,594	15,812
Fees received from group undertakings	72,153	86,855
	<u>84,747</u>	<u>102,667</u>

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

3. Operating profit	2018 £'000	2017 £'000
Operating profit is stated after charging/(crediting):		
Fees payable to auditors for audit of Company's financial statements	20	26
Other fees payable to auditor for taxation services	6	6
Foreign exchange (gain)/loss	(250)	179

4. Directors' emoluments	2018 £'000	2017 £'000
Directors' emoluments excluding pension contributions	2,947	3,584
Aggregate pension contributions of all Directors	8	11
The emoluments, excluding pension contributions, of the highest paid Director	1,003	1,290
Pension contributions of the highest paid Director	-	-

All Directors of any First State Investments group companies domiciled in the UK are remunerated by First State Investment Services (UK) Limited, a related entity, and the amounts shown here are the proportion recharged to the Company from that entity. These include 1 (2017: 2) employees who are only Directors of First State Investments (UK) Limited.

Pension benefits are accruing to 1 (2017: 1) Director under pension schemes operated by the Company. The accrued retirement benefit of the highest paid Director was £nil (2017: £nil).

5. Tax on profit on ordinary activities	2018 £'000	2017 £'000
Current tax:		
UK corporation tax on profits of the year	3,587	655
Adjustments in respect of prior periods	717	(17)
Tax charge on profit on ordinary activities	4,304	638

Factors affecting tax charge for the year:

The corporation tax on the profit on ordinary activities for the year is calculated at the standard rate applicable to the period of corporation tax in the UK of 19.00% (2017: 19.75%).

	2018 £'000	2017 £'000
Profit on ordinary activities before tax	35,882	20,319
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.75%)	6,818	4,013
Effects of:		
Group dividends received	(3,231)	(3,358)
Overseas tax	-	(17)
Adjustments in respect of prior period	717	-
Total tax charge for the year	4,304	638

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

5. Tax on profit on ordinary activities (continued)

The standard rate of corporation tax applicable to the current reporting year (19.00%) has reduced from the previous year (19.75%) as the main rate of UK corporation tax reduced from 20.00% to 19.00% with effect from 1 April 2017.

The main rate of corporation tax in the UK will reduce from 19.00% to 17.00% effective from 1 April 2020. The impact on the value of deferred tax assets is recognised in the above table.

6. Dividends paid

The Directors elected to pay interim dividends totalling £29,002,000 (2017: £15,001,000) to the parent company SI Holdings Limited. The Directors do not recommend a final dividend (2017:nil)

7. Investments

The Company holds the following investment in a subsidiary company incorporated in the UK:

Name of company and registered address	Nature of business	Number and Description of shares held	% held	2018 £'000	2017 £'000
First State Investments International Limited 23 St Andrew Square, Edinburgh, EH2 1BB, Scotland	Fund Manager	2,750,100 Ordinary £1	100	2,750	2,750

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

The Company is exempt from producing consolidated financial statements under section 401 of the Companies Act 2006.

8. Debtors

	2018 £'000	2017 £'000
Trade debtors	897	905
Amounts owed by group undertakings	30,917	65,026
Corporation tax and group relief receivable	11,712	14,750
Other debtors	239	230
Prepayments and accrued income	3,082	2,557
	<u>46,847</u>	<u>83,468</u>

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

The amount £11,714,000 of Corporation tax and group relief receivable represents the refund due from HMRC of £2,950,000 in respect of 2017 plus £9,550,000 due from other group companies in respect of 2017. For 2018, the current year tax charge exceeds tax payments made to date by £786,000.

FIRST STATE INVESTMENT MANAGEMENT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

9. Deferred tax asset	2018 £'000	2017 £'000
Deferred tax asset at start of the year	1	1
Deferred tax credit in profit and loss	-	-
Deferred tax asset at end of year	<u>1</u>	<u>1</u>
Deferred tax is provided at 17.00% (2017: 19.00%) as follows:		
Adjustments in respect of previous years	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

The deferred tax asset is in respect of accelerated capital allowances.

10. Creditors: amounts falling due within one year	2018 £'000	2017 £'000
Amounts owed to group undertakings	8,478	42,029
Other taxation and social security	328	395
Accruals and deferred income	372	371
	<u>9,178</u>	<u>42,795</u>

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

11. Called up share capital	2018 £'000	2017 £'000
Authorised, allotted and fully paid:		
98,016 (2017: 98,016) 'A' Ordinary shares of £1	98	98
34,158,293 (2017: 34,158,293) 'B' Ordinary shares of £1	<u>34,158</u>	<u>34,158</u>
	<u>34,256</u>	<u>34,256</u>

The 'A' shares carry the right to receive the first £100,000 distributed per financial year by way of dividend. Any remaining balance to be distributed shall be distributed amongst the 'A' and 'B' shares *pari passu* according to their respective nominal values.

On a return of capital or liquidation or otherwise, the net assets of the Company shall be distributed amongst the 'A' and 'B' shares *pari passu* in proportion to the amounts paid up thereon.

12. Reconciliation of shareholders' funds and movement on reserves

	Called Up Share Capital £'000	Profit and loss account £'000	Total Shareholders Funds £'000
At 1 July 2016	34,256	4,629	38,885
Retained profit for the financial year	-	19,681	19,681
Dividends paid	-	(15,001)	(15,001)
At 1 July 2017	<u>34,256</u>	<u>9,309</u>	<u>43,565</u>
Retained profit for the financial year	-	31,578	31,578
Dividends paid	-	(29,002)	(29,002)
At 30 June 2018	<u>34,256</u>	<u>11,885</u>	<u>46,141</u>

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13. Related party disclosures

Under FRS 102 1.12 - Related Party Disclosures, the Company is exempt from the requirement to disclose transactions with any other company in the CBA group.

14. Contingent liability

On 28 June 2007, the European Court of Justice ("ECJ") ratified the Advocate General's previous conclusion that the management fees of investment trusts, like those of authorised unit trusts and OEICs should be an exempt service for the purposes of VAT. Her Majesty's Revenue and Customs ('HMRC') has followed this judgement.

The question of VAT exemption being extended to pension fund clients is currently being considered in the United Biscuits VAT case, which will be heard by the Court of Appeal. Appropriate protective claims have thus been made in respect of current and previous pension fund clients. In addition, protective claims and appeals have been lodged in case VAT exemption extends to certain other client types in the future.

The Company's objective remains to keep all protective claims active until the outcome in the Courts is fully known in order to protect clients' interests. The Company's position is that it will only make repayments to clients to the extent that these amounts can be reclaimed from HMRC by the Company. The Company will review the position following the publication of the final judgement by the UK courts.

The total value of all outstanding protective claims as at 30 June 2018 amounted to £17,336,000 (30 June 2017: £21,706,000).

Whilst it is also possible that the Company may incur some professional advisor fees as a result of the reclaims, the Directors do not expect a material liability to arise.

15. Ultimate parent company

The immediate parent undertaking is SI Holdings Limited, a company incorporated in Scotland.

The ultimate parent undertaking and controlling party is CBA, which is the parent undertaking of the smallest and the largest group to consolidate these financial statements. Copies of CBA consolidated financial statements can be obtained from: Ground Floor, Tower 1, 201 Sussex Street, Sydney NSW 2000, Australia or from the following website: www.commbank.com.au.