THE EMERGING MARKETS OPPORTUNITY

THE ASHMORE ADVANTAGE

Ashmore

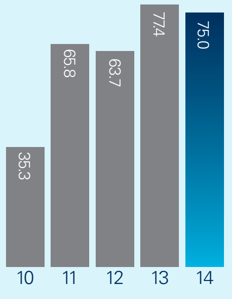
ANNUAL REPORT AND ACCOUNTS 2014

2014 Financial highlights

ASSETS UNDER MANAGEMENT (US$bn)

US$75.0bn

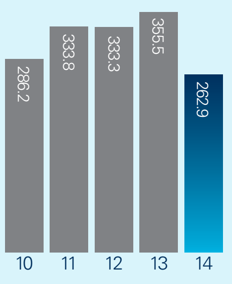
2013: US$77.4bn



NET REVENUE (£m)

£262.9m

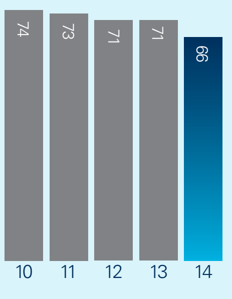
2013: £355.5m



EBITDA MARGIN (%)

66%

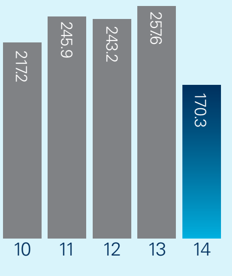
2013: 71%



PROFIT BEFORE TAX (£m)

£170.3m

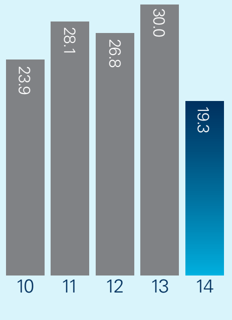
2013: £257.6m



EPS BASIC (p)

19.3p

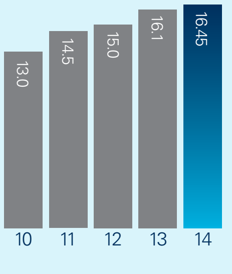
2013: 30.0p



DIVIDEND PER SHARE (p)

16.45p

2013: 16.1p



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For the online version of the annual report, other announcements and details of up-coming events, please visit the Investor Relations section of our website at **www.ashmoregroup.com**

Ashmore is a leading Emerging Markets asset manager, with a business model that delivers high-quality profits from a scalable platform.

Accessing the diverse set of opportunities available in Emerging Markets requires a specialist, active investment approach, one that Ashmore has employed in more than two decades of investing solely in Emerging Markets. The investment opportunity is substantial, as Emerging Markets' wealth converges with that of Developed Markets. Ashmore is well positioned to take advantage of this trend, and seeks to create value for investors and shareholders through disciplined investment processes, operating on a robust, scalable global operating platform, and delivering long-term performance.

A singular focus on the Emerging Markets opportunity is Ashmore's advantage.

High-quality profits from a scalable platform

SPECIALIST EMERGING MARKETS FOCUS

Ashmore's key competitive advantage

The Group has more than two decades' experience of investing solely in Emerging Markets.

Emerging Markets are growing rapidly as political, economic and social developments support rising productivity and lead to GDP per capita convergence with Developed Markets. Ashmore is well positioned to capitalise on these growth trends and to translate them into value for investors, shareholders, employees and the communities in which it participates.

- Ashmore has established a long track record of investing in Emerging Markets, beginning in 1987 for equities and 1992 for fixed income
- The Group's focus derives from an early recognition that Emerging Markets would become the engine room of global economic growth
- Today, Emerging Markets account for more than 50% of global GDP, and structural developments underpin this proportion rising further
- The diversity of the asset class provides significant investment opportunities, but also requires specialist, active fund management skills to navigate market cycles

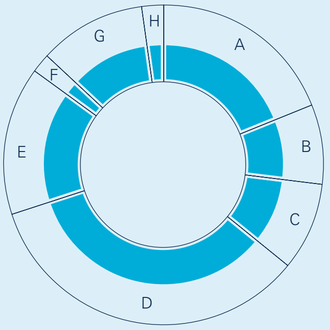
BALANCED DIVERSIFICATION

Investors

Ashmore has originated 29% of its AuM from Emerging Markets, a proportion that is expected to increase as the Group delivers on Phase 3 of its strategy.

AUM BY INVESTOR TYPE (%)

A	Central banks	19%
B	Sovereign wealth funds	8%
C	Governments	9%
D	Pension plans	34%
E	Corporates/Financial institutions	15%
F	Funds/Sub-advisers	2%
G	Third-party intermediaries	11%
H	Foundation/Endowments	2%



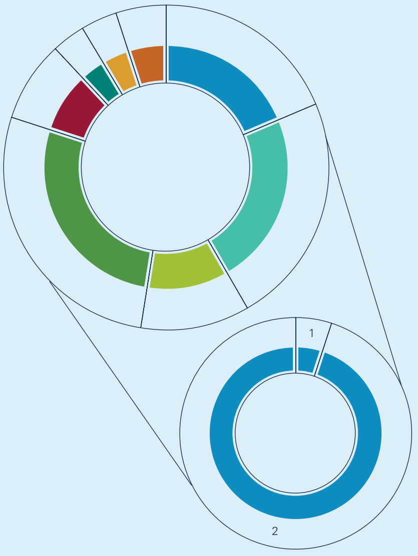
Ashmore's client base is largely institutional but the distribution platform seeks to increase the AuM sourced through intermediaries such as private banks, wealth advisers and brokers.

Investment themes

Ashmore invests client funds in a diverse range of investment themes. The Emerging Markets universe is large, diversified and growing rapidly, and provides Ashmore with a wide rage of investment opportunities across more than 70 countries.

AUM BY THEME (%)

	External debt	19%
	Local currency	23%
	Corporate debt	11%
	Blended debt	27%
	Equities	8%
	Alternatives	3%
	Multi-strategy	4%
	Overlay/Liquidity	5%
1	Investment grade	5%
2	Non-investment grade	95%



For more information on Emerging Markets growth see pages 8-9 and pages 28-29

For more information on Emerging Markets diversity see pages 16-17

For more information on Ashmore's investment themes see pages 10-11

DEPTH OF KNOWLEDGE AND EXPERTISE

Specialist, active management

Ashmore's deep understanding of the diverse Emerging Markets asset class is the foundation for delivering long-term investment performance.

Ashmore delivers long-term investment outperformance through the expertise of its people, through its relationships, and by rigorous adherence to a proven investment philosophy and a continuous commitment to Emerging Markets.

Expertise and commitment

- Quality of Ashmore's employees, depth, breadth and experience in Emerging Markets
- Team-based approach, not a star culture
- Relationships with investors, investees and other contacts in over 70 Emerging Markets countries

Investment philosophy and processes

- Value-based investment philosophy
- Global and local asset management combining macro views and rigorous analysis of individual investments
- Disciplined investment committees
- Specialist, active management of portfolios over market cycles
- Long-term track record established and proven across a wide range of market conditions

For more information on Ashmore's knowledge and expertise see pages 20-21

ROBUST INFRASTRUCTURE

A platform for growth

Ashmore has invested in its distribution capabilities and global operating model to create a scalable platform for further profitable growth.

Distribution

- Ashmore's distribution team comprises 48 employees with specific roles to support institutional and intermediary asset gathering and retention across the world
- Over the past three years, the team has delivered US$93 billion of gross subscriptions and US$30 billion of net inflows
- Substantial AuM growth capacity available

Global operating platform

- Ashmore has established global operating hubs in London, Washington D.C. and Singapore, enabling it to support fund management activities across multiple time zones
- Investment in infrastructure and middle office has enabled growth in segregated accounts, while also supporting greater scale in mutual funds on the Group's SICAV and 40-Act platforms
- Local fund management offices benefit from the scale, efficiency, best practices and resources of a global manager

Risk-aware culture

- Investment teams and support departments follow robust and controlled processes
- Risk and Compliance ensure appropriate governance
- Internal audit provides independent assurance

For more information on Ashmore's investment processes see pages 34-35

DELIVERING LONG-TERM RESULTS

Generating value

Ashmore's business model seeks to deliver sustainable long-term performance for clients and shareholders.

ASSETS UNDER MANAGEMENT (AUM) AT PERIOD END

US$75.0bn

2013: US$77.4bn

AUM OUTPERFORMING BENCHMARKS OVER THREE YEARS

81%

2013: 92%

EBITDA MARGIN

66%

2013: 71%

DIVIDEND PER SHARE

16.45p

2013: 16.1p

For more information on Ashmore's performance, see the Group's KPIs on pages 18-19 and Business review on pages 22-27

Tough market conditions provide opportunities

Resilience of assets under management delivered through proven investment processes and long-standing knowledge of Emerging Markets.

Market conditions in the financial year were the reverse of those experienced in the previous year, in that turbulence prevailed for much of the period before a recovery in sentiment and asset prices occurred in the second half. Ashmore's proven investment processes and deep-rooted knowledge of Emerging Markets enabled it to take on risk as opportunities inevitably presented themselves in a period of volatile prices.

Assets under management proved robust given the market backdrop, with a 3% decline to US$75.0 billion attributable in most part to redemptions from the lower margin overlay/liquidity theme, while the other investment themes delivered a resilient performance. While the Group's operational performance was sound, the financial results for the year were affected by the strength of Sterling, particularly against the US dollar.

Profit before tax of £170.3 million is a reduction of 34% or £87.3 million compared with the prior year, of which £46.0 million[1] is attributable to FX translation effects and £30.1 million[1] to lower performance fees as a consequence of the market sell-off in May and June 2013 and continued volatility throughout the first half of the financial year. The remainder is largely explained by a reduction in net management fees, offset by lower operating costs, which declined 23%. This cost reduction was achieved through the Group's continual focus on cost efficiency and its distinctive remuneration philosophy which together deliver a highly flexible expense base.

RECOMMENDED FINAL DIVIDEND

12.00p per share

2013: 11.75p per share

The Board intends to pay a progressive dividend over time, taking into consideration factors such as prospects for the Group's earnings, demands on the Group's financial resources, and the markets in which the Group operates. Reflecting the sound operating performance over the year, the Group's strong and liquid balance sheet, and the Board's confidence in future growth, the Directors are recommending a final dividend of 12.00 pence per share for the year ended 30 June 2014. Subject to shareholders' approval, the final dividend will be paid on 5 December 2014 to those shareholders on the register on 7 November 2014. This makes a total dividend of 16.45 pence for the year, an increase of 2% compared with the prior year (16.10 pence).

Corporate governance

Changes to the UK Listing Rules, effective 1 July 2014, require a company with a Premium listing and a controlling shareholder, in this instance one who controls at least 30% of the company's voting rights, to enter into a relationship agreement with the shareholder in relation to compliance with the company's obligations under the Listing Rules. The revised rules require the company to make an annual statement that it has a relationship agreement in place and that the company, and, so far as it is aware, the controlling shareholder, have complied with the Listing Rules. Mark Coombs, Ashmore's Chief Executive, controls 40.8% of Ashmore's voting rights and consequently the company has entered into a relationship agreement with Mr Coombs, effective 1 July 2014.

The new rules also require the election and re-election of independent directors to be by a majority of votes cast by independent shareholders as well as by a majority of votes cast by all shareholders. These rules will apply to the Ashmore annual general meeting to be held on 30 October 2014.

1. Before variable compensation.

Melda Donnelly, who has been a member of the Board since July 2009, will retire and not seek re-election at the AGM. On behalf of the Board, I would like to thank Melda for the valuable service and contribution that she has given to the Group over the past five years.

Outlook

Ashmore's singular focus on Emerging Markets has enabled it to contend with the volatile market conditions evident for most of the past financial year. Assets under management were resilient, and the Group's investment processes identified and acted upon value becoming apparent as non-dedicated investors withdrew from the asset class. The diversity of Emerging Markets requires a specialist, active investment approach and Ashmore's long track record positions it well for future profitable growth.

Finally, on behalf of the Board, I would like to thank Ashmore's employees across the world for the dedication and commitment shown once again over the past year.

Michael Benson
Chairman

10 September 2014

Governance highlights

The Group early-adopted the provisions of the revised 2012 UK Corporate Governance Code in the prior financial year. During the current year, the Group's corporate governance activities included the following:

- The Group entered into a relationship agreement, effective 1 July 2014, with Mark Coombs, Ashmore's Chief Executive, in compliance with its obligations under the Listing Rules.
- In accordance with UK Corporate Governance Code recommendations, the Board undertook a formal annual evaluation of its own performance and that of its committees and individual Directors.
- After joining the Board as Non-executive Directors in the prior year, Charles Outhwaite was appointed to the Audit and Risk Committee and the Remuneration Committee, and Dame Anne Pringle was appointed to the Remuneration Committee.
- The Audit and Risk Committee established an internally resourced internal audit function in July 2013, replacing the previous incumbent, Ernst & Young.

A more detailed report on corporate governance is provided on pages 42 to 48.

A singular focus on the large and diverse Emerging Markets universe

The structural drivers of Emerging Markets growth are established and sustainable. Ashmore's advantage derives from its long history of investing in this diverse asset class.

The results for the year ending 30 June 2014 reflect the market turbulence that persisted for much of the period, together with foreign exchange translation effects as a consequence of the strength of Sterling against the US dollar. The Group's long-standing investment processes sought to take advantage of the market volatility, and while this can result in short-term underperformance, the recovery in sentiment towards Emerging Markets in recent months has benefited positions taken during those more volatile periods over the course of the year.

AuM development

Assets under management declined by 3% during the year from US$77.4 billion to US$75.0 billion, and average AuM increased by 4% to US$75.2 billion. Investment performance added US$5.1 billion to AuM, but was offset by net outflows of US$7.5 billion for the year of which US$5.9 billion was in the lower margin overlay/liquidity theme. The Group's other investment themes experienced a net outflow of US$1.6 billion, or 2% of average AuM, which is relatively stable when set against the backdrop of market volatility during the period.

Gross subscriptions of US$16.8 billion were broadly spread across the Group's investment themes, and at 22% of opening AuM were encouraging given market conditions. This performance reflects Ashmore's broad base of largely institutional clients together with the Group's recent investment in global distribution resources.

Investment performance

Positive investment performance of US$5.1 billion was delivered across a broad range of equity and fixed income themes. Ashmore's value-based investment processes identified three salient opportunities during the period.

First, the indiscriminate selling of assets by non-dedicated investors created opportunities for those with a specialist and dedicated approach to Emerging Markets investing. In mid-2013 after the initial QE tapering-inspired sell-off, the yield curves in several Emerging Markets implied substantial monetary policy tightening, which was at odds with a fundamental assessment of the probable path of future interest rates in those countries. Indeed, several central banks cut policy rates, thereby highlighting further the disconnect between periodically inefficient market prices and a rational appraisal of the economic and political reality.

Second, throughout 2013, concerns about certain Emerging Markets countries, which focused on current account or fiscal deficits and a belief that historical crises and contagion would repeat themselves, proved largely unfounded. The diversity and development of the asset class, when compared with historical periods of Emerging Markets crises, are fundamental strengths that proved resilient through the recent market turbulence. India is a case in point: its current account deficit narrowed from 4.8% of GDP in June 2013 to 1.7% a year later; the recent election resulted in a business and market-friendly administration with the potential to pursue significant reforms; and the country's economic position could be improved further still by the liberalisation of its local bond markets. India's perceived fragility has revealed itself to be a set of cyclical challenges that can be, and are being, overcome.

Third, geo-political risk creates uncertainty and the potential for assets to be mis-priced, and particularly so in the still relatively inefficient Emerging Markets. There were several instances during the year of market weakness inspired by rising geo-political tension, which necessitated assessment and detailed analysis by the Group's investment committees. The implementation of active portfolio management delivered good investment performance in the second half of the year.

Ashmore's three and five-year investment track records continue to be strong with 81% and 92% of AuM outperforming relevant benchmarks, respectively (30 June 2013: 92% and 73%, respectively). The one-year figures are weaker with 38% of AuM outperforming, typical in periods of market drawdowns given Ashmore's investment processes, but towards the end of the financial year the recovery in asset prices across Emerging Markets vindicated the investment decisions taken.

AUM OUTPERFORMING BENCHMARKS OVER THREE YEARS

81%

2013: 92%

AUM OUTPERFORMING BENCHMARKS OVER FIVE YEARS

92%

2013: 73%

Financial performance

Revenue

Net revenue for the year of £262.9 million was 26% lower than in the prior year. The reduction was principally the result of Sterling strength against the US dollar and its effect on the translation of US dollar-denominated revenues and the Group's non-Sterling assets and liabilities, together with a lower contribution from performance fees.

Management fee income net of distribution costs declined by 10%, reflecting a reduction in average net management fee margin of 8bps to 60bps and the effect of Sterling appreciation against the US dollar, partially offset by higher average AuM. The movement in the management fee margin is described in more detail in the Business review on page 25, but it is notable that the margin exhibited greater stability through the financial year; the H1 2013/14 margin was 61bps, equivalent to the exit run-rate from the prior financial year, and the H2 2013/14 margin was approximately 60bps.

Performance fees of £3.1 million were lower than the prior year (£33.4 million) as a consequence of the market sell-off in May and June 2013 and then periodic volatility throughout much of the financial year. Funds with an August year end realised performance fees of £4.0 million in August 2014 that will be reflected in the FY2014/15 financial year.

The Group receives the majority of its fees in US dollars, which are sold to satisfy Sterling or other currency payments. Most of the Group's cash is therefore held in US dollars, and is marked-to-market at the balance sheet date with corresponding changes in value taken through the 'Foreign exchange' revenue line together with any gains or losses on currency hedges. As a result of Sterling strengthening by over 12% during the period, from 1.5213 to 1.7106, there was a foreign exchange translation loss of £30.1 million (FY2012/13: £5.9 million gain). Net realised and unrealised hedging gains were £3.5 million (FY2012/13: £1.2 million loss).

Operating cost structure

The Group's operating cost base reflects a focus on efficiency and management of fixed cost inflation while enabling appropriate investment to support future growth.

The majority of costs relate to staff; the Group's distinctive remuneration philosophy maintains a relatively low cap on fixed salary costs and a strong bias towards variable performance-related remuneration. An emphasis is placed on long-term equity ownership. In the year to June 2014, variable compensation as a percentage of earnings before variable compensation, interest and tax (VC/EBVCIT) was 20% (FY2012/13: 20%).

Total operating costs declined 23% to £97.9 million (FY2012/13: £127.2 million), through the continual focus on cost efficiency and the inherently high flexibility of the cost base that derives from the Group's remuneration structure.

During the year, the Group further developed its global operating platform to enable additional growth and complexity in fund management relationships, and to comply with changing regulatory requirements. As a consequence, the appropriate operating platform is in place for the next phase of the Group's development.

Profitability

Earnings before interest, tax, depreciation and amortisation (EBITDA) was £174.7 million (FY2012/13: £252.2 million). The EBITDA margin was 66% (FY2012/13: 71%), confirming the Group's long-held view that it would move into the '60s' over time.

Net finance income of £2.5 million (FY2012/13: £25.7 million) includes items relating to seed capital investments and the acquisition of the Group's equities business in 2011, both of which are described in more detail in the Business review.

Profit before tax for the year declined by 34% to £170.3 million (FY2012/13: £257.6 million) and basic earnings per share for the year were 19.3p (FY2012/13: 30.0p). Of the £87.3 million reduction in profit before tax, approximately £46 million is attributable to foreign exchange translation effects and £30 million to lower performance fees compared with the prior year period, before any variable compensation effects. The remaining difference is largely explained by the reduction in net management fees described above, offset by lower operating costs, and so, from an operational perspective, the Group's financial performance for the year was sound.

Strategic progress

Phase 1: establish Emerging Markets asset class

Ashmore continues to promote the fundamental strengths of Emerging Markets and the asset class is increasingly regarded as mainstream by investors. The experience of the past year suggests there is more to be done in enhancing the understanding of the diversity of investment opportunities available, and also to counter the long-standing prejudices and misconceptions that prevail in some investors' minds. Over time, the success of this phase of the Group's strategy will be reflected in higher institutional and, in due course, retail allocations to Emerging Markets, from what could be considered underweight positions when compared against either commonly used equity and fixed income benchmarks, or the balance of economic power and economic growth in the world today.

Phase 2: diversify developed world capital sources and themes

In December 2013, Ashmore became the first investment manager outside of Greater China to be awarded a Renminbi Qualified Foreign Institutional Investor (RQFII) licence. The licence gives access to the substantial onshore equity and fixed income markets in China and the Group is launching funds to address client demand for investments in the largest Emerging Market.

The Group has broadened its SICAV and 40-Act platforms, with a total of 32 funds now available in SICAV format (30 June 2013: 22 funds) and a total of nine US mutual funds (30 June 2013: seven funds). The investment in distribution has led to good progress with European and US intermediaries, in addition to institutional demand for such mutual fund structures.

Further product diversification has also been achieved during the year through the launch of short duration and private debt products. The short duration product seeks to provide income stability and lower interest rate sensitivity for investors concerned about the implications of higher interest rates. The Group's private debt fund will originate bilateral financing for Emerging Markets companies that have experienced the withdrawal of developed world banks from the market, and expands further the broad range of products available within the corporate debt theme.

Ashmore's strong and liquid balance sheet provides it with the ability to seed funds, creating a competitive advantage by supporting entry into new markets and development of new product structures and distribution channels. The Group's seed capital programme is managed actively, seeking to recycle capital back into cash when appropriate, and is subject to monitoring by the Board within a framework of set limits. Over the past four years, the Group has invested approximately £370 million (US$590 million) of seed capital into funds that now have over US$4 billion of third party AuM and which therefore make a material contribution to management fee income. Active management of the seed capital has resulted in approximately half of the investment amount being recycled over the four years. During the financial year, the Group made new seed capital commitments of £63.5 million and realised £48.0 million; as at 30 June 2014 there was £185.4 million of capital invested in funds at invested cost (£187.8 million at market value).

Ashmore acquired its equities business in May 2011, and with the three-year contingent consideration period ending in May 2014, no further consideration was paid in the financial year. Investment performance in the equities theme has improved considerably over the three years, with 47% of AuM outperforming relevant benchmarks over a three-year period and 70% over a one-year period as at 30 June 2014, compared with 8% and 3%, respectively, at the time of acquisition. During the second half of the financial year the equities theme experienced net inflows, and with substantial available capacity and a balanced mix of specialist and global funds, there are good prospects for AuM growth in equities. Indeed, recognition by institutional investors of Ashmore's equity investment capabilities is evident in the recent demand for balanced funds, combining fixed income and equity exposure in a single multi-strategy mandate.

During the period there was international institutional demand for mandates invested by locally-based investment teams that benefit from the structure, scale, best practices and resources of a global manager. If this continues as expected, it will continue to validate Ashmore's strategy to develop a network of local offices in selected Emerging Markets, and combined with its long heritage as a global manager of Emerging Markets risk, positions it well to attract these institutional flows from global investors as well as developing domestic client bases.

Phase 3: mobilise Emerging Markets capital

The third phase of the Group's strategy seeks to grow AuM from Emerging Markets-domiciled investors, to invest on a global basis or into the investors' domestic markets through the establishment of a number of onshore asset management platforms.

For example, Ashmore established a business in Indonesia in July 2012 and launched a range of funds in early 2013. After a period of strong absolute and relative investment performance, and with the support of Ashmore's global distribution platform, AuM has grown to approximately US$400 million at the year end.

In April 2014, Ashmore was granted a licence to establish a local investment platform in Saudi Arabia, the largest Gulf Cooperation Council economy. Saudi Arabia's real GDP growth is expected to average approximately 5% over the medium term, supporting GDP per capita convergence from a level that is only half that of the United States today. The country has favourable demographics and a high domestic savings rate relative to neighbouring countries, yet its asset management industry is fragmented and under-penetrated, reflecting the dominance of small family offices. This backdrop provides the potential for Ashmore to build and grow a meaningful independent asset management business over time, to add to its existing network of Emerging Markets-domiciled platforms.

People and culture

Graeme Dell stepped down from the Board and his role as Group Finance Director with effect from 25 November 2013. Tom Shippey, previously Ashmore's head of Corporate Development, was appointed Group Finance Director and joined the Board to succeed Graeme. On behalf of the Board, I would like to thank Graeme for the significant contribution he made to Ashmore's development over the past six years.

The Group's headcount was flat over the period at 291 (30 June 2013: 291). After investing in distribution and operational infrastructure areas in recent years, the Group has established a scalable platform with which to grow substantially.

Ashmore's employees have again demonstrated their commitment, deep knowledge and expertise in managing the business through more volatile market conditions, and seeking to identify opportunities to create value for clients. I should like to thank everyone for their efforts during the year, and particularly since it was a period when many headwinds combined to have a considerable impact on the Group's profitability.

Ashmore's strategy

STRATEGIC PRIORITIES	OBJECTIVES	PROGRESS AND PRIORITIES
1. Establish Emerging Markets asset class – Mostly completed	– Establish Ashmore Emerging Markets investment processes – Enhance understanding of Emerging Markets in the developed world – Provide access to Emerging Markets and their rapid development opportunities – Increase developed world investor allocations	**Progress** – Annual Investor Forum and CASS business school – Consistent fundamental view of asset class expressed through research **Priorities** – Emphasise Emerging Markets structural trends and investment opportunities as global economic imbalances unwind – Increase institutional and retail allocations to Emerging Markets
2. Diversify developed world capital sources and themes – Underway, with substantial growth available	– Establish new investment themes to diversify Emerging Markets product offerings – Develop new product structures and capabilities – Establish Ashmore as trusted allocator – Broaden and deepen developed world investor base – Deliver strong performance consistently	**Progress** – Awarded first RQFII licence outside Greater China – Increased number of funds offered on SICAV and 40-Act platforms – Launched short duration and private debt products – Equity capabilities recognised in flows to multi-strategy mandates **Priorities** – Grow equities business – Increase intermediary AuM – Grow scale in new funds – Develop new conduits to capital – Grow alternatives AuM
3. Mobilise Emerging Markets capital – Commenced, with significant future growth opportunities	– Mobilise Emerging Markets capital managed offshore – Capital sourced initially from largest pools, i.e. central banks, governments, reserve managers and sovereign wealth funds – Develop network of domestic asset management businesses – Manage domestic capital locally – Create strong local performance track records	**Progress** – Global distribution team to source capital for local platforms – Indonesia AuM growth – Saudi Arabia licence **Priorities** – Increase AuM managed by domestic platforms – Develop potential of recently established platforms such as Saudi Arabia – Grow alternatives AuM

For more information on principal risks see pages 30-33

An absolute focus on Emerging Markets

Hanoi, Vietnam

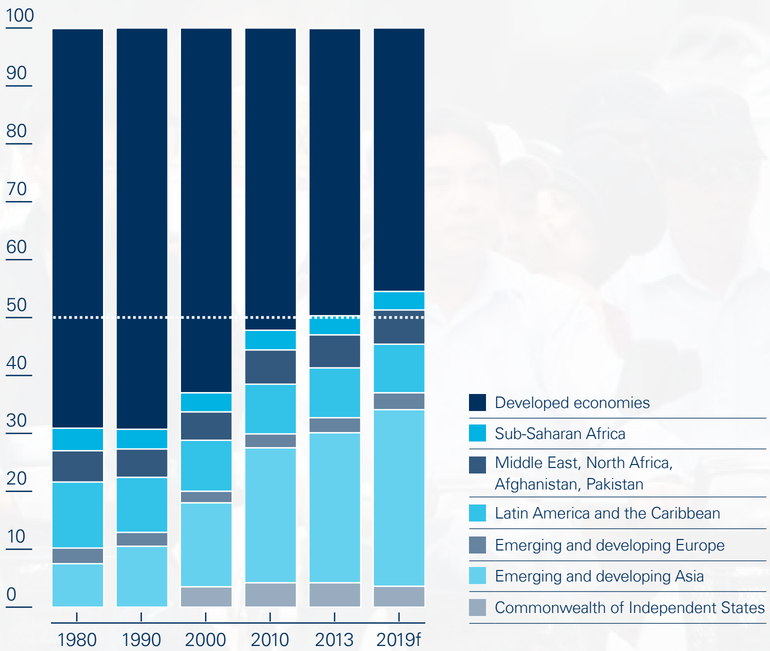
The Emerging Markets opportunity

Superior GDP growth through structural developments

2013 was a watershed year for Emerging Markets as it marks the point at which they became the majority contributors to global GDP. The IMF predicts this growth trend will continue, with Emerging Markets' share of GDP expected to rise by 0.7% per year over the next five years from the current base of 50.4% (PPP adjusted). This would be an acceleration from the average annual growth rate achieved over the past three decades, a period of profound development across Emerging Markets, and is a view supported by powerful structural drivers of economic, political and social development

Against this backdrop of Emerging Markets' rising global economic influence, investors' perceptions and allocations to the asset class continue to lag the rapid fundamental advances. This provides Ashmore with a substantial growth opportunity as investors address underweight positions.

EMERGING MARKETS' SHARE OF GLOBAL GDP (%)



Source: IMF World Economic Outlook

Investment themes

Ashmore offers a broad and continually evolving range of Emerging Markets investment themes.

Theme	**EXTERNAL DEBT**	**LOCAL CURRENCY**	**CORPORATE DEBT**
Theme premise	**Accesses an established and diverse range of typically US dollar-denominated Emerging Markets debt instruments.**	**Takes advantage of the rapidly expanding local currency and local currency-denominated debt markets with low correlations to other asset classes.**	**Focuses on the developing corporate debt asset class in Emerging Markets.**
Global Emerging Markets sub-themes	– Broad – Sovereign – Sovereign, investment grade	– Bonds – Bonds (Broad) – FX – FX+ – Investment grade	– Broad – High yield – Investment grade – Local currency – Private debt – Short duration
Theme	**BLENDED DEBT**		
Theme premise	**Mandates specifically combine external, local currency and corporate debt measured against tailor-made blended indices.**	– Blended debt – Investment grade	
Regional/ country focused sub-themes		Brazil, China, Indonesia, Turkey	Asia, Latin America
Theme	**MULTI-STRATEGY**		
Theme premise	**Dynamic asset allocation across all investment themes.**		

Strategic report

Ashmore has focused exclusively on Emerging Markets for more than two decades and over that period has established a diversified range of eight investment themes, shown below. The Group's products are available in a wide range of fund structures, covering the full liquidity spectrum from daily dealing pooled funds through to multi-year locked-up partnerships. Ashmore focuses on innovation by providing access to new investment strategies as the Emerging Markets continue to develop.

Theme	EQUITIES	ALTERNATIVES	OVERLAY/LIQUIDITY
Theme premise	**Offers exposure to global Emerging Markets equities trends, complemented by a range of specialist equity funds with a country, region or small cap focus.**	**Invests mainly in corporate restructurings through distressed debt, private and public equity and equity linked securities.**	**Separates and centralises the currency risk of an underlying Emerging Markets asset class in order to manage it effectively and efficiently.**

Global Emerging Markets sub-themes	– Broad Global Active
	– Global Small Cap
	– Global Frontier
		– Special situations
		  – Distressed debt
		  – Private equity
		– Infrastructure
		– Real estate
			– Overlay
			– Hedging
			– Cash management

Regional/ country focused sub-themes	Africa, Brazil, China, India, Indonesia, Latin America, Middle East, Turkey	Asia, China, Colombia, India, Russia, Turkey	

Theme

Theme premise

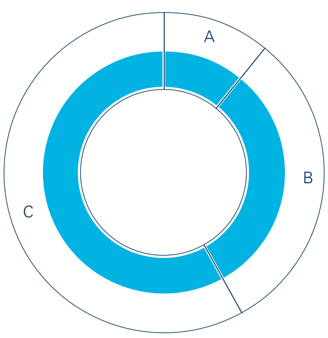
A diverse investment universe

Ashmore's eight investment themes address an Emerging Markets universe that is large, growing rapidly, and offers an increasingly diverse range of investment opportunities.

The first seven months of the financial year presented more difficult conditions in Emerging Markets, with concerns regarding the effects of a change in US monetary policy, perceived weaknesses in certain developing economies, and rising geo-political risks. From January 2014, however, sentiment improved as many Emerging Markets countries successfully made cyclical adjustments, developed world central banks became more dovish, elections in the emerging world generally returned market-friendly outcomes, and contagion from geo-political flashpoints was limited. Emerging Markets asset prices consequently recovered. The performance of the Group's eight investment themes, and the outlook for each case, is presented below.

BENCHMARKS

The majority of the Emerging Markets universe is not replicated in widely available benchmark indices. Not only does this provide an opportunity for an active manager, but also index representation should increase as countries and companies compete for scarce capital resources.



A	Market cap of GBI index	11%
B	Off-benchmark securities in GBI countries	31%
C	Non-GBI countries	58%

US$12.5 trillion

Local currency tradable fixed income market

External debt

AuM decreased by US$0.5 billion during the year to US$14.0 billion, with strong investment performance adding US$1.5 billion, offset by net redemptions of US$0.9 billion and a reclassification of US$1.1 billion to blended debt following a change in investment guidelines on a segregated mandate. On an 'as invested' basis, external debt represents 30% of Group AuM (30 June 2013: 26%).

External debt was the best performing of Ashmore's fixed income investment themes over the year. The EMBI GD index returned 12% and high yield outperformed investment grade assets. The diversity of the index, with 61 countries, or approximately three times the number of developed nations in the world, is a positive characteristic and the index return masks a wide range of country performances over the period, from Mongolia (+4%) to Argentina (+59%). This highlights the need for active investment management to generate returns from such a diversified set of opportunities.

There is the potential for further spread tightening against US Treasuries, but the historical correlation of the index to Treasury yields is high at approximately 80% and therefore selective, active investment will be critical to generating alpha in a period of tighter financial conditions in the US. The Group believes allocations to external debt are likely to continue from those investors either unwilling or unable to take local currency risk in Emerging Markets.

Local currency

AuM reduced by US$0.3 billion over the period to US$17.3 billion. Investment performance added US$0.7 billion after a recovery in the second half of the year, but the theme experienced net redemptions of US$1.0 billion.

Gross subscriptions were good at 20% of opening AuM, however, the relatively weak performance of the asset class over the course of the 12 months, described below, inevitably led to some redemption activity from both mutual funds and segregated accounts. At the period end, local currency assets accounted for 32% of total Group AuM on an 'as invested' basis (30 June 2013: 30%), making it the Group's single largest investment theme on this basis.

After a period of underperformance earlier in the year, influenced by the flow of cross-over money out of the asset class, greater value became apparent and local currency assets rallied strongly from January 2014. The unhedged GBI-EM GD index rose 4% over the year, but increased 6% between January and June having yielded more than 7% at the lows. Countries such as India and Indonesia, which last summer were considered by some to be heading towards a repeat of historical Emerging Markets crises, instead demonstrated the progress they have made and confounded the sceptics by pursuing orthodox measures to address cyclical challenges, and are now in a position to deliver good levels of economic growth this year. The recent elections in these countries have also generally returned market-friendly administrations with mandates for reform.

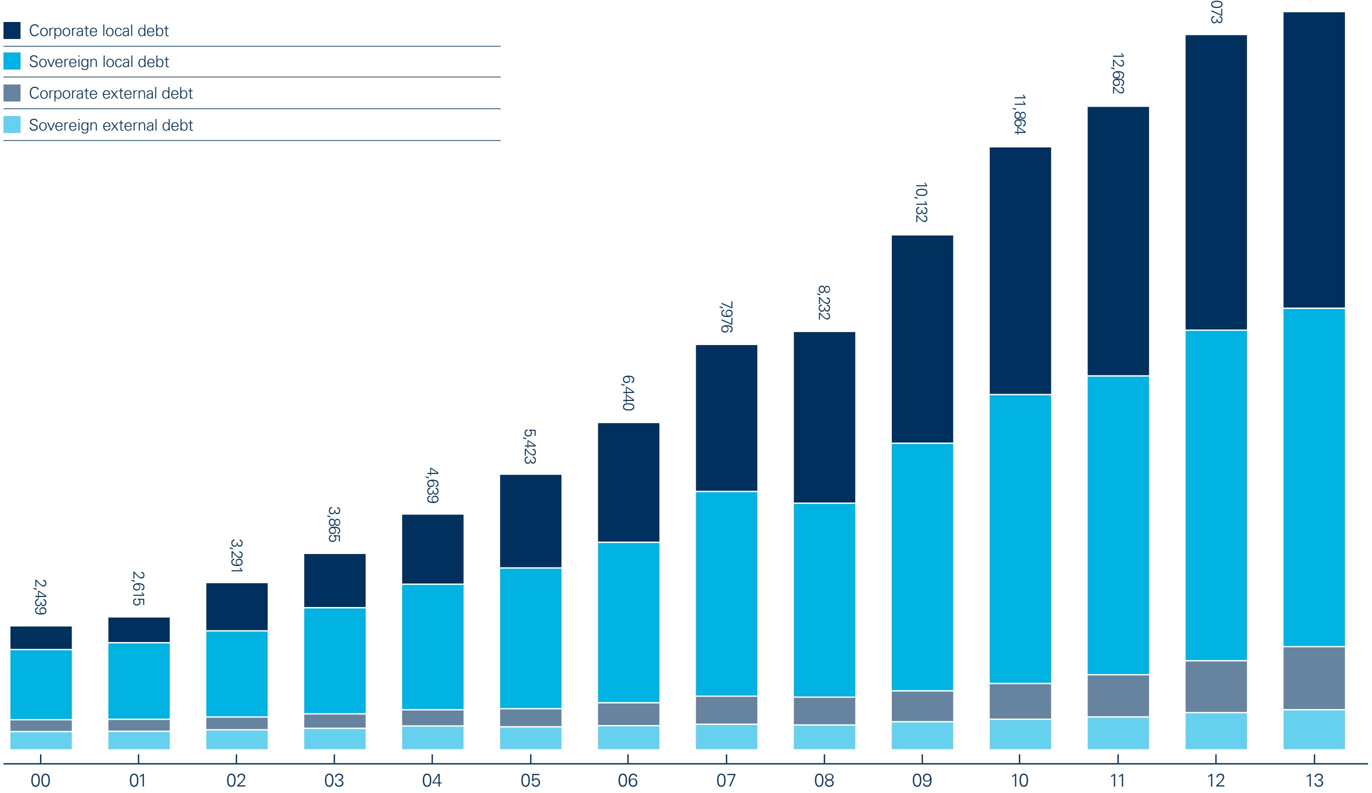
Again, the diversity of the asset class is apparent in the range of returns over the 12 months, with the Indonesia sub-index falling 15% (though recovering 9% since January) and Nigeria returning 21%. There remains appreciable value in local currency assets, therefore with index representation likely to increase over time and the asset class offering diversification to US dollar-denominated assets, there are good prospects for AuM growth through higher investor allocations over the medium term.

Corporate debt

The corporate debt theme continued to see strong demand, with US$1.5 billion of net inflows during the year. The Group continues to broaden its range of corporate debt funds to access the full spectrum of investment opportunities available in this large and diverse asset class. For instance, Ashmore launched a private debt fund during the year, which will originate bilateral financing for Emerging Markets companies; demand for such financing is strong as Developed Markets banks have withdrawn from the market in the wake of the financial crisis. The Group also launched a short duration product that aims to reduce the price volatility associated with changes in US interest rates. After investment performance added US$0.6 billion, corporate debt AuM increased by US$2.1 billion, or 34%, to US$8.2 billion. The theme has also grown rapidly on an 'as invested' basis since its inception and has AuM of US$14.4 billion at the period end (30 June 2013: US$14.4 billion), representing 19% of total Group AuM (30 June 2013: 19%).

The CEMBI benchmark performed well over the period, increasing 10%, and benefiting in a period of volatile US Treasury yields from its short duration and higher yield compared with Emerging Markets sovereign credit. The opportunity in Emerging Markets corporate debt is large and diversified, and indices now address, albeit in a limited fashion, both the US$1.2 trillion hard currency market and the much larger US$5.8 trillion local currency market. The investment opportunities in Emerging Markets corporate debt are readily apparent, with the US dollar index yielding 5% and equivalent-rated bonds offering a yield pick-up of 50bps to 100bps for every turn of leverage (net debt/EBITDA) when compared with US high yield credits. To provide access to the large and diversified local currency market, Ashmore has seeded a local currency corporate debt product, which already has strong relative investment performance over one and three years compared with the recently established benchmark. Corporate debt is expected to remain one of Ashmore's fastest growing investment themes over the medium term.

FIXED INCOME UNIVERSE GROWTH (US$ BILLION)



Strategic report

Market review

Blended debt

Blended debt AuM increased by 17%, or US$3.0 billion, over the period to US$20.6 billion through a combination of strong performance, which added US$1.5 billion; continued net inflows of US$0.4 billion; and the reclassification of US$1.1 billion from external debt, described above. Blended debt is Ashmore's largest individual investment theme, and in addition to institutional demand it continues to be the most popular theme for retail clients on the Group's 40-Act and SICAV fund platforms.

The ability to allocate dynamically across fixed income markets is an attractive characteristic for investors that are new to the Emerging Markets asset class, and also recognises that there can be substantial variations in annual returns between sovereign and corporate credit, and hard and local currency assets. Over the past decade, the minimum difference in annual returns between the best and worst performing Emerging Markets fixed income asset classes has been 500bps. Over the past 12 months, the difference was 900bps, emphasising the need for active asset allocation to deliver investment returns in this asset class. Ashmore's competitive advantage is that it can demonstrate long-term investment track records in each of the constituent fixed income markets, and this supports the Group's belief that the blended debt investment theme has substantial future AuM growth opportunities.

Equities

AuM increased 11%, or US$0.6 billion, over the year to US$6.1 billion through investment performance of US$1.0 billion partially offset by a net outflow of US$0.4 billion. The net outflow was influenced by a small number of segregated mandate redemptions in the first half for historical performance reasons, however, the second half of the financial year saw an encouraging return to net inflows. There is notable demand from institutional investors for single country mandates and, reported separately in the multi-strategy theme, for funds that combine fixed income and equity exposures in a single mandate. On an 'as invested' basis, equities represent 10% 30 June 2013: 8%) of Group total AuM.

While declining market expectations for economic growth adversely affected sentiment towards equities, this was mainly reflected in the benchmark MSCI EM index which rose 14% over the year, but underperformed the S&P 500. The Frontier Markets index outperformed and returned 36%.

> The small cap opportunity: there are 2,000 companies with a market capitalisation under US$2 billion that are not represented in major indices. Lack of inclusion does not necessarily mean lack of access or liquidity. Poor coverage, low correlations and a broad universe of companies provide opportunities for active stock pickers.

The prospects for growth in the equities business are positive. The equities investment process uses a wealth of knowledge built up over more than 25 years of investing solely in Emerging Markets, and this long track record enables a sense of perspective when faced with tougher market conditions. The Group's broad range of equity funds have established investment track records and there is ample capacity on an integrated platform to manage substantially higher levels of AuM.

Alternatives

AuM declined slightly from US$2.7 billion to US$2.5 billion. Capital returns to investors were offset by new subscriptions to give a net inflow of US$0.1 billion, and investment performance reduced AuM by US$0.3 billion over the period as a consequence of asset write-downs, largely within special situations funds.

As reported at the interim stage, with effect from 1 October 2013, the basis of calculation for the annual investment management fee on two of the Group's closed-end special situations funds was amended from 2% of acquisition cost to the lower of 2% of acquisition cost and 2% of net asset value. The structure of the funds and the nature of the investments mean that the effect is limited to these two funds and there are no wider implications for any of the Group's other funds or themes.

Also as described in the interim report, the alternatives theme net management fee margin is now stated after excluding the associates/joint ventures AuM, which represents just under 30% of theme AuM and for which the financial results are consolidated in a single line on the face of the income statement ('Share of profit from associates and joint ventures').

Approximately two-thirds of alternatives AuM is in the process of being realised and returned to investors and therefore, subject to market conditions, can be expected to reduce over the next few years. However, Ashmore continues to see growth opportunities in the management of illiquid assets, and seeks greater scale in areas such as private equity, real estate and infrastructure.

LOCAL CURRENCY DEBT, AS INVESTED

32% of AuM

2013: 30% AuM

CORPORATE DEBT, AS INVESTED

19% of AuM

2013: 19% AuM

Multi-strategy

AuM declined by US$1.0 billion to end the period at US$2.7 billion. There were consistent and expected net outflows from Japanese retail funds during the period, and these funds now manage just over US$2 billion of assets (FY2012/13: US$3.5 billion). There is growing demand from institutional clients for mandates combining actively-managed fixed income and equity investments, and subscriptions of this nature partially offset the Japanese retail outflows towards the end of the year, albeit that the size of the individual institutional mandates naturally dictates a lower management fee margin compared with the Japanese retail capital. Investment performance contributed US$0.3 billion to AuM.

The diversity of the Emerging Markets asset classes and the broad range of return profiles available support alpha generation from dynamic asset allocation, and this supports growth in multi-strategy AuM over the medium term.

Overlay/liquidity

AuM reduced over the financial year from US$9.7 billion to US$3.6 billion, primarily through redemptions from segregated mandates. Net outflows were US$5.9 billion over the period and investment performance reduced AuM by US$0.2 billion. Redemptions in the period reflect institutional decisions to diversify individual manager exposure, while remaining allocated to the Emerging Markets asset class, and to reduce the scale of hedging employed. The size of individual redemptions reflects the nature of the product in that it provides a passive currency hedge for a third-party portfolio.

Outlook

Emerging nations are generally in good health and in aggregate are expected to grow faster than the developed world, thereby continuing to increase their importance to the global economy and exposing underweight allocations. The diversity and range of investment opportunities in Emerging Markets, requiring a specialist, active investment approach, have been much in evidence over the past year. Distinguishing between, say, Paraguay and Uruguay is critical, in the same way that a developed world investor needs to understand the profound differences between Spain and Switzerland, rather than merely investing in 'Europe'.

Rising geo-political risks in certain parts of the Emerging Markets world, as well as elections taking place in key economies, have led to uncertainty and hence price volatility in the short term. This environment provides opportunities to deliver longer-term performance for managers such as Ashmore that employ a disciplined, fundamental approach to assessing economic, political and market risks, and that continue to invest over the cycle.

Global imbalances are becoming more apparent as Developed Markets prepare to wean themselves off unprecedented monetary policy stimulus and Emerging Markets must decide how to manage their substantial reserves in the face of potential foreign currency weakness. Competition for investment capital will intensify, and the market will differentiate to a greater degree between the nations and companies that foresee and plan for the unwinding of the global economic imbalances, and those that are ill-prepared. Ashmore's absolute focus on Emerging Markets and its depth of knowledge and experience of investing across market cycles stand it in good stead to navigate the transition to a more balanced global economy in the coming years. These factors therefore underpin Ashmore's ability to deliver long-term outperformance and to generate value for clients and shareholders.

Mark Coombs
Chief Executive Officer

10 September 2014

A specialist investment approach

Bosphorus Strait, Istanbul, Turkey

The Emerging Markets opportunity

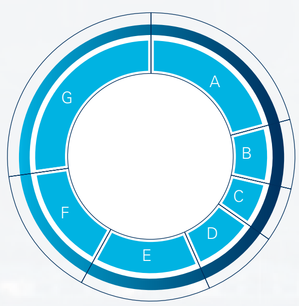
Increasingly diverse markets

The Emerging Markets investment universe is large and diversified, with a growing number of countries represented in indices. This diversity stems from the presence of a wide variety of histories, cultures, demographics, income levels, systems of government, and propensities to reform.

Emerging Markets are well placed to endure the challenges of tighter global financial conditions over the medium term, but the diversity of the asset class means a greater differentiation between the winners and losers. The winners will be those countries that are actively preparing for the unwinding of global macroeconomic imbalances through productivity-enhancing reforms. Conversely, those countries with pro-cyclical, myopic policies will be less able to mitigate external shocks due to shallow domestic markets, and countries still operating under the mantra of Cold War politics will struggle to attract investment capital. Between these two extremes is a large set of countries for which the risks and opportunities vary enormously.

Accessing these opportunities and assessing these risks requires a selective and active investment approach. Ashmore's specialist investment processes enable it to take advantage of the substantial and diverse Emerging Markets investment opportunities.

GDP PER CAPITA DISTRIBUTION IN EMERGING MARKETS



	GDP per capita US$	No. of countries
A	>6,000	24
B	5,000-5,999	9
C	4,000-4,999	7
D	3,000-3,999	10
E	2,000-2,999	17
F	1,000-1,999	17
G	1-999	31

Source: IMF World Economic Outlook

Measuring our performance

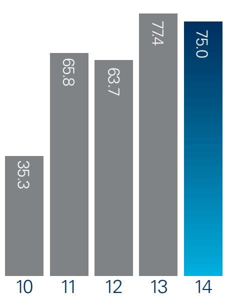
MEASURE	YEAR END AUM/AVERAGE AUM	AVERAGE NET MANAGEMENT FEE MARGINS
Definition	The movement between opening and closing AuM provides a good indication of the overall success of the business during the period, both in terms of net subscriptions/ redemptions and investment performance. The average AuM balance during the period, along with the average margins achieved, determine the level of management fee revenues. The AuM and margin trends are lead indicators for short-term profitability.	The average net management fee margin is calculated in US dollars, and is assessed after management fee rebates. The average is affected by changes in the product and investor mix. Certain themes attract higher gross fee levels, generally where investment return opportunities are higher.
Relevance to strategy	Ashmore's strategy as a specialist Emerging Markets fund manager is to grow AuM; firstly by establishing the asset class, secondly by diversifying developed world capital and thirdly by mobilising Emerging Markets capital.	Ashmore aims to maintain high revenue margins reflecting the specialist characteristics of many of the investment themes it manages.

Long-term achievements

YEAR END AUM/AVERAGE AUM

US$75.0bn

2013: US$77.4bn

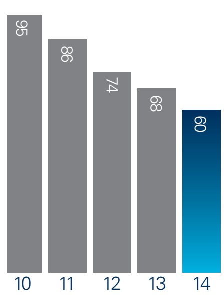


AuM decreased by 3% with positive investment performance offset by net outflows, principally from the overlay/liquidity theme. Average AuM increased 4% to US$75.2 billion. Institutional investors continue to account for the majority of AuM (89%).

AVERAGE NET MANAGEMENT FEE MARGINS

60bps

2013: 68bps



The reduction in management fee margin was primarily the result of client and theme mix effects and the influence of large mandates funding towards the end of the prior financial year. As described in the Business review, the margin during the financial year was broadly stable.

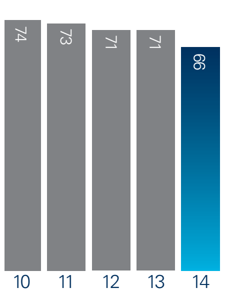
EBITDA MARGIN

EBITDA margin measures operating profit (excluding depreciation and amortisation) against net revenues. Net revenues are calculated after deducting distribution costs, rebates and foreign exchange. Included within costs are both fixed and variable personnel expenses as well as other operating costs.

Ashmore aims to maintain an industry leading EBITDA margin while growing the business.

66%

2013: 71%



The EBITDA margin of 66% was significantly affected by foreign exchange translation effects as well as a lower level of performance fees compared with the prior year. The Group continues to expect the margin to be maintained at a high level relative to industry standards.

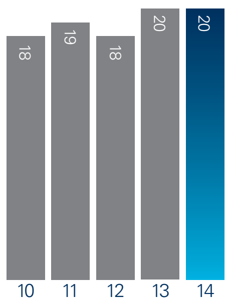
VARIABLE COMPENSATION (VC)/EBVCIT

The Group's variable compensation represents the majority of total personnel expenses and is assessed as a percentage of earnings before variable compensation, interest and tax. The amount includes performance-related bonuses, share-based payments and associated social security costs.

The Group maintains a tightly controlled cost structure, with a low proportion of recurring costs and a large proportion of variable performance-related costs. This enables the Group to achieve an industry leading EBITDA margin.

20%

2013: 20%



The Group's (VC)/EBVCIT ratio is determined by performance in the period. While the ratio remained at 20%, in absolute terms the variable compensation charge was reduced by 27% or £15.7 million, reflecting the decline in the Group's profitability and to ensure continued alignment between employees, clients and shareholders.

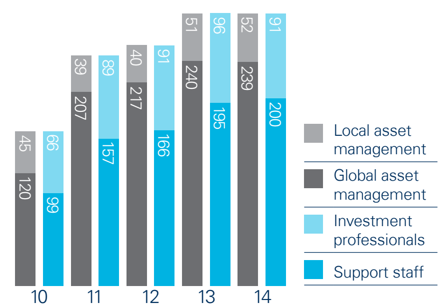
YEAR END HEADCOUNT

The Group analyses its headcount by function (investment vs support) and by business (global asset management vs local asset management subsidiaries).

The year end headcount highlights the overall scalability of the business platform. The local asset management headcount is a vital part of the third phase of the Group's strategy – mobilising Emerging Markets capital managed domestically.

291

2013: 291



Headcount was flat over the year following investment in recent periods across various Group functions, which provides substantial capacity for profitable growth.

A world of knowledge and expertise

Kejetia market, Kumasi, Ghana

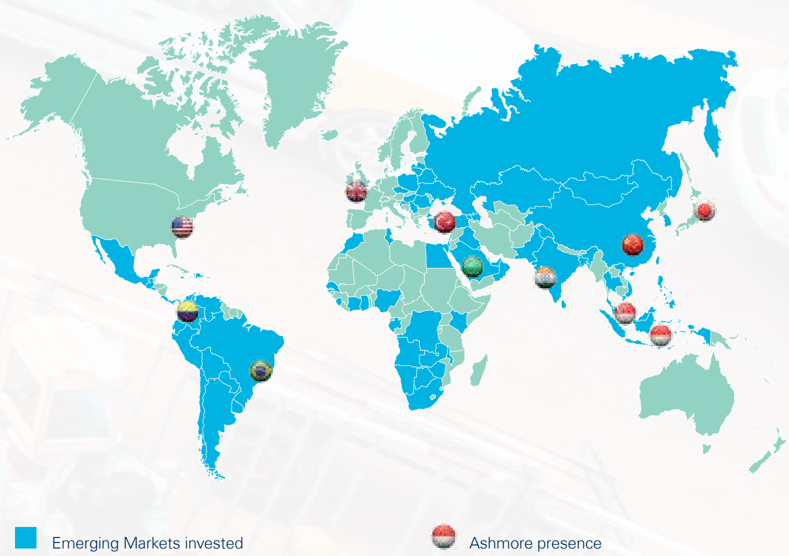
The Emerging Markets opportunity

Access to domestic capital pools

Ashmore's global investment capabilities combine with domestic investment teams in certain Emerging Markets to provide insight and expertise in managing client assets. The Group's long history of investing solely in Emerging Markets has enabled it to establish relationships with investors, investees and other contacts across a wide range of countries. Ashmore's investment and distribution teams are supported by a global operating model, capable of providing continuous and seamless support across time zones.

A GLOBAL NETWORK INVESTING ACROSS EMERGING MARKETS

Global investment and distribution is complemented by domestic fund management businesses, which benefit from the Group's structure, scale, best practices and substantial resources, in order to access rapidly growing capital pools. These capital pools are estimated at US$11 trillion, and they have the potential to increase significantly with GDP growth and higher product penetration rates.



11 countries, 13 offices

Creating a network to source capital and to invest, globally and domestically within specific Emerging Markets.

Robust platform delivered a sound operating performance

Ashmore's operating performance for the year was sound, however, the financial results were influenced by the effects of foreign exchange translation. Profit before tax for the period was £170.3 million, a reduction of £87.3 million compared with the prior year of which approximately £46 million was due to the translation of non Sterling-denominated balance sheet items and £30 million was the result of lower performance fees, before any variable compensation effects.

Assets under management

AuM declined by 3% over the year from US$77.4 billion to US$75.0 billion, through gross subscriptions of US$16.8 billion, redemptions of US$24.3 billion, and positive investment performance of US$5.1 billion. Average AuM increased 4% to US$75.2 billion.

Fund flows

The Group's gross subscriptions totalled US$16.8 billion for the year (FY2012/13: US$27.2 billion) and represented 22% of opening AuM. Demand was broadly spread by investment theme, by client type and domicile, and by mandate size. This balance and strength of new business reflects the Group's investment in recent years in its distribution infrastructure and global client coverage.

Redemptions increased to US$24.3 billion (FY2012/13: US$10.2 billion), representing 32% of average AuM (FY2012/13: 19%). The main factor behind the increase was a number of redemptions from the low revenue margin overlay/liquidity theme, which accounted for 26% of the total for the period. Redemptions from the Group's other investment themes, while higher compared with the prior year at US$17.9 billion (FY2012/13: US$12.4 billion), should be seen in the context of the volatile market backdrop that adversely affected sentiment towards Emerging Markets.

On a net basis, the Group outflow of US$7.5 billion was dominated by the US$5.9 billion net outflow from the overlay/liquidity theme, while the other investment themes experienced a net outflow of US$1.6 billion. The US$1.6 billion was concentrated in the middle of the financial year: the second and third quarters had a cumulative net outflow of US$4.3 billion, whereas the first quarter saw a US$0.7 billion net inflow and the year ended stronger with a fourth quarter net inflow of US$2.0 billion.

New funds and accounts

Ashmore continued to expand its product range during the period, including the launch of short duration and private debt funds and increasing the number of funds available on its SICAV and 40-Act fund platforms.

The Group ended the period with 201 funds (30 June 2013: 177 funds) and with segregated accounts representing 66% of AuM (30 June 2013: 61%). Institutional client demand for segregated accounts is expected to continue, reflecting a number of factors such as regulatory obligations, the application of specific investment guidelines, or particular reporting requirements. The Group's investment in operational infrastructure in recent periods ensures it is able to deliver the additional complexity that typically accompanies such funds.

AuM as invested

The charts on page 24 show AuM 'as invested' by underlying asset class, which adjusts from 'by mandate' to take account of the allocation into the underlying asset class of the multi-strategy and blended debt themes; and of cross-over investment from within certain external debt funds. This analysis highlights the scale of the local currency and corporate debt themes.

AuM by investment destination is diversified geographically, with 32% in Latin America, 27% in Asia Pacific, 12% in the Middle East and Africa, and 29% in Eastern Europe.

Investor profile

The Group's AuM remains predominantly institutional in nature (30 June 2014: 89%, 30 June 2013: 89%). The most significant institutional categories are government-related entities (central banks, sovereign wealth funds and pension schemes) and private and public pension plans, together accounting for 70% of AuM (30 June 2013: 71%).

Investment in intermediary distribution delivered net fund flows in the US and Europe

Summary non-GAAP financial performance

The table below summarises the Group's operating performance and reclassifies items relating to seed capital and acquisitions to aid clarity and comprehension.

£m	FY2013/14 Statutory	Reclassification of: Seed capital-related items	Reclassification of: Acquisition-related items	FY2013/14 Adjusted	FY2012/13 Adjusted
Net revenue	262.9	–	–	262.9	355.5
Investment securities	7.0	(7.0)	–	–	–
Third-party interests	(2.3)	2.3	–	–	–
Operating expenses	(92.9)	1.0	–	(91.9)	(106.3)
EBITDA	174.7	(3.7)	–	171.0	249.2
Depreciation & amortisation	(5.0)	–	–	(5.0)	(9.2)
Operating profit	169.7	(3.7)	–	166.0	240.0
Net finance income/expense	2.5	(1.1)	(0.5)	0.9	1.6
Associates & joint ventures	(1.9)	–	–	(1.9)	(0.1)
Seed capital-related items	–	4.8	–	4.8	17.2
Acquisition-related items	–	–	0.5	0.5	(1.1)
Profit before tax	**170.3**	**–**	**–**	**170.3**	**257.6**

AuM movements by investment theme

The AuM by theme as classified by mandate is shown in the table below. Reclassifications typically occur when a fund's investment objectives, investment guidelines or performance benchmark change such that its characteristics cause it to be included in a different theme.

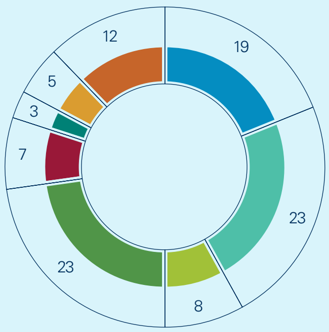
Theme	AuM 30 June 2013 (US$bn)	Performance (US$bn)	Gross subscriptions (US$bn)	Gross redemptions (US$bn)	Net flows (US$bn)	Reclassification (US$bn)	AuM 30 June 2014 (US$bn)
External debt	14.5	1.5	2.1	(3.0)	(0.9)	(1.1)	14.0
Local currency	17.6	0.7	3.6	(4.6)	(1.0)	–	17.3
Corporate debt	6.1	0.6	3.2	(1.7)	1.5	–	8.2
Blended debt	17.6	1.5	5.1	(4.7)	0.4	1.1	20.6
Equities	5.5	1.0	1.2	(1.6)	(0.4)	–	6.1
Alternatives	2.7	(0.3)	0.5	(0.4)	0.1	–	2.5
Multi-strategy	3.7	0.3	0.6	(1.9)	(1.3)	–	2.7
Overlay/Liquidity	9.7	(0.2)	0.5	(6.4)	(5.9)	–	3.6
Total	**77.4**	**5.1**	**16.8**	**(24.3)**	**(7.5)**	**–**	**75.0**

Capital sourced through intermediaries, which access retail investors, accounts for 11% of AuM (30 June 2013: 11%) or US$8.0 billion (30 June 2013: US$8.2 billion). Notwithstanding the market environment and volatile industry mutual fund flow data, the Group's intermediary businesses in the US and Europe delivered net inflows during the year, while Japanese retail funds continued to experience cyclical redemptions. The growth in the US and Europe demonstrates the progress made with wealth advisers, private banks, fund platforms and other intermediaries. For instance, Ashmore has distribution agreements with nine of the top ten US wealth management companies. The blended debt product has been particularly successful in attracting intermediary flows, echoing growing institutional demand for dynamic asset allocation capabilities, and accounts for over 60% of the US$1.1 billion AuM in the Group's US mutual funds.

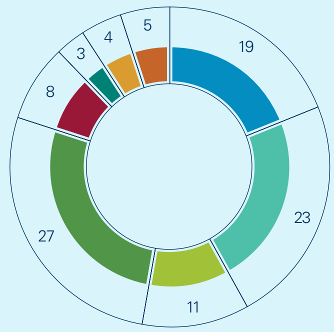
Revenue analysis

The majority of the Group's net revenue derives from a diversified range of management fees net of distribution costs, which totalled £278.5 million for the year (FY2012/13: £311.2 million). Lower performance fees of £3.1 million (FY2012/13: £33.4 million) reflect the volatile market conditions experienced at the end of the prior financial year and periodically during the current year. The strength of Sterling against the US dollar during the period contributed to a negative foreign exchange translation effect of £30.1 million, which after gains from hedges resulted in a negative foreign exchange revenue impact of £26.6 million (FY2012/13: £4.7 million gain).

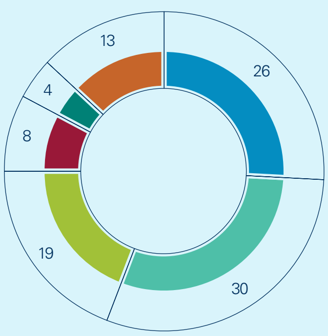
AUM CLASSIFIED BY MANDATE 2013 (%)



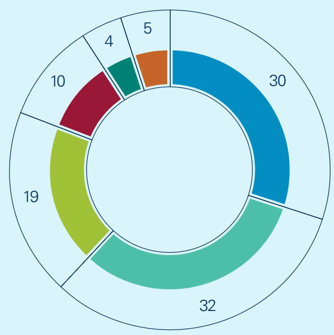
AUM CLASSIFIED BY MANDATE 2014 (%)



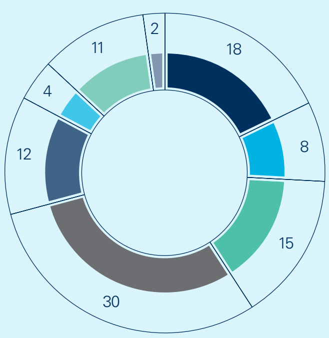
AUM AS INVESTED 2013 (%)



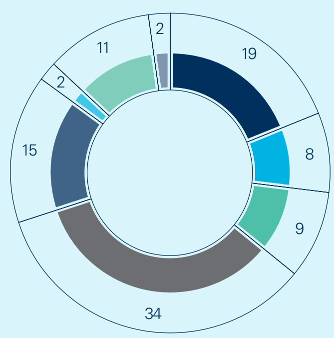
AUM AS INVESTED 2014 (%)



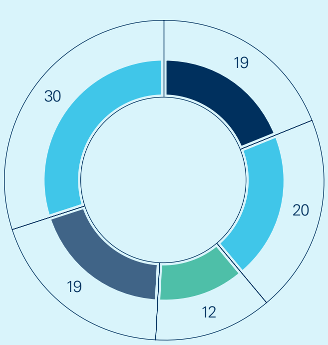
AUM BY INVESTOR TYPE 2013 (%)



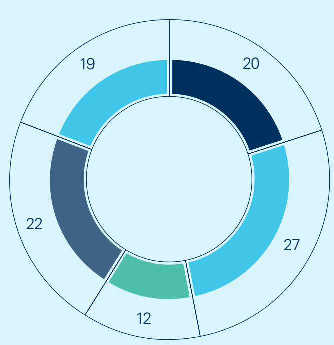
AUM BY INVESTOR TYPE 2014 (%)



AUM BY INVESTOR GEOGRAPHY 2013 (%)



AUM BY INVESTOR GEOGRAPHY 2014 (%)



US dollar management and performance fees

The Group's AuM is predominantly US dollar-denominated and so the majority of management fees are also US dollar-denominated. The table below summarises net management fee income after distribution costs in US dollars and also net management fee margin by investment theme. As described in the Market review, the alternatives margin is stated after excluding the associates/joint venture AuM.

Theme	Net management fees FY2013/14 (US$m)	Net management fees FY2012/13 (US$m)	Average net management fee margin FY2013/14 (bps)	Performance fees FY2013/14 (US$m)	Performance fees FY2012/13 (US$m)
External debt	83.9	100.8	60	0.7	25.2
Local currency	83.6	85.0	49	0.3	10.8
Corporate debt	48.1	34.7	70	–	4.9
Blended debt	107.6	87.2	56	2.9	2.2
Equities	42.4	43.9	76	0.3	1.5
Alternatives	39.4	61.8	202	0.8	0.6
Multi-strategy	36.0	58.7	123	–	7.5
Overlay/Liquidity	13.6	15.7	19	–	–
Total	**454.6**	**487.8**	**60**	**5.0**	**52.7**

Management fees

Management fee income, net of distribution costs, was £278.5 million, a decline of 10% over the prior year (FY2012/13: £311.2 million). The 4% rise in average AuM was countered by a reduction in the average margin from 68bps to 60bps and a headwind from US dollar weakness against Sterling. On a constant currency basis, net management fee income declined by 8%.

Approximately 2bps of the margin decline is attributable to the annualised effect of several large mandates that funded in the second half of the prior financial year. The re-pricing of two alternatives funds in October 2013, as described in the Market review, accounts for 3bps, with the remaining 3bps reflecting all other factors, such as mandate size and investment theme and product mix effects.

Although the year-on-year movement in the net management fee margin is meaningful, it is noteworthy that the margin was broadly stable during the financial year. Compared with the 60bps reported for the year, the exit run-rate from the previous financial year was approximately 61bps, the H1 2013/14 rate was also 61bps and the margin in H2 2013/14 was approximately 60bps. The level of the net management fee margin in a given period will continue to be influenced by many factors, including mandate size, client type, competition, investment theme mix and product mix within the various themes.

Performance fees

Performance fees were £3.1 million (FY2012/13: £33.4 million). The pronounced market sell-off at the end of the previous financial year and periods of volatility throughout this year meant that the ability to generate performance fees was limited. The recent recovery in asset prices has benefited performance, and funds with an August year end have realised performance fees totalling £4.0 million which will be recognised in the FY2014/15 financial year.

At the year end the Group was eligible to earn performance fees on 12% of AuM (30 June 2013: 18%), or 28% of funds (30 June 2013: 31%). Of these funds, 65% (30 June 2013: 56%) of them, while able to generate performance fees in the future, were ineligible to do so in FY2013/14 either as a result of such fees being available only at the end of the multi-year fund life, such funds not earning a fee in the performance year, or as a result of rebate agreements.

Operating costs

Ashmore's cost base remains tightly controlled. Fixed staff costs fell slightly to £24.6 million (FY2012/13: £25.1 million). The number of employees was flat at 291 (30 June 2013: 291) but the average increased from 280 to 290, reflecting recruitment in the prior year.

The charge for variable compensation is £41.5 million (FY2012/13: £57.2 million), representing 20% of earnings before variable compensation, interest and tax (FY2012/13: 20%). While the ratio is the same as the prior year, the absolute amount has reduced by 27% or £15.7 million to reflect the decline in Group net revenue described above.

Other operating costs fell by £13.1 million to £31.8 million (FY2012/13: £44.9 million), reflecting the absence of an intangibles impairment charge in the current year (FY2012/13: £11.0 million) and the Group's ongoing focus on cost efficiency. Total operating costs therefore decreased 23% to £97.9 million (FY2012/13: £127.2 million), or by 22% on a constant currency basis.

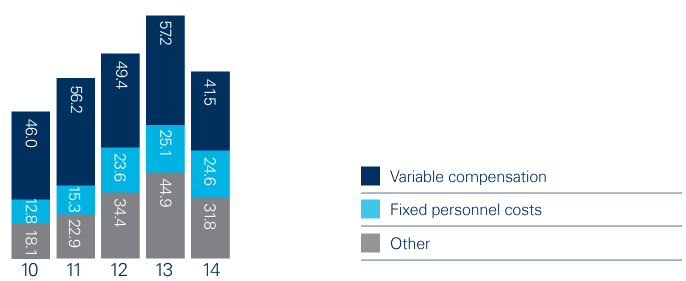
EBITDA

EBITDA for the period was £174.7 million (FY2012/13: £252.2 million). On an adjusted basis, reclassifying the contribution from seed capital investments and acquisition-related items, EBITDA was £171.0 million (FY2012/13: £249.2 million).

OPERATING COSTS

£97.9 million

2012: £127.2 million



Consistent with the Group's long-held view that the EBITDA margin would trend lower over time, the margin for the financial year was 66% (FY2012/13: 71%). On an adjusted basis, the EBITDA margin was 65% (FY2012/13: 70%) with the reduction in performance fees and foreign exchange translation effects accounting for 3% points of the reduction.

Finance income

Net finance income of £2.5 million (FY2012/13: £25.7 million) includes items relating to seed capital investments and the acquisition of Ashmore Equities Investment Management. Net interest income for the year was £0.9 million (FY2012/13: £1.6 million).

Seed capital generated an investment return of £13.7 million during the period, of which £5.2 million was realised. The translation of non Sterling-denominated seed capital investments resulted in a foreign exchange translation loss of £14.4 million of which £0.3 million was realised. Together with £1.8 million of finance income recognised by consolidated funds, the aggregate result of seed capital activity recorded in net finance income was therefore a profit of £1.1 million (FY2012/13: £14.2 million).

Taxation

The majority of the Group's profit is subject to UK taxation; of the total current tax charge for the year of £35.7 million, £30.7 million relates to UK corporation tax. The Group's effective current tax rate for the year is 21.0% (FY2012/13: 21.7%) which is less than the blended UK corporation tax rate of 22.5% (FY2012/13: 23.75%).

Note 12 to the financial statements provides a full reconciliation of this deviation from the blended UK corporate tax rate.

There is a £16.8 million net deferred tax asset on the Group's balance sheet as at 30 June 2014 (30 June 2013: £18.0 million), principally as a result of timing differences in the recognition of the accounting expense and actual tax deduction in connection with share-based payments.

Balance sheet, cash flow and foreign exchange management

The Group maintains a strong and liquid balance sheet in order to support regulatory capital requirements, to meet the commercial demands of current and prospective investors, to support the Group's progressive dividend policy, and to fulfil development needs across the business. These include funding establishment costs of distribution offices and local asset management ventures, seeding new funds, trading or investment in funds or other assets, and other strategic initiatives.

As at 30 June 2014, total equity attributable to shareholders of the parent was £615.8 million (30 June 2013: £628.7 million). There is no debt on the Group's balance sheet.

Cash

The Group generated £210.4 million of cash from operations during the period (FY2012/13: £280.2 million), from which it paid the following significant items: £119.1 million in dividends (FY2012/13: £110.9 million); £48.3 million in taxation (FY2012/13: £59.4 million); £6.4 million in relation to seed capital investments (FY2012/13: £21.2 million); and £29.8 million to purchase own shares to satisfy share awards to employees (FY2012/13: £30.8 million).

Exchange rate translation effects reduced cash and cash equivalents by £31.9 million. Consequently, at the year end the Group had cash and cash equivalents of £370.6 million (30 June 2013: £395.5 million), held in the currencies shown in the table below.

Cash and cash equivalents by currency

	30 June 2014 £m	30 June 2013 £m
Sterling	100.3	167.2
US dollar	250.7	225.8
Other	19.6	2.5
Total	**370.6**	**395.5**

The Group's cash and cash equivalent balances are invested with the objective of optimising returns within a strict framework that emphasises capital preservation, security, liquidity and counterparty risk. The balances, comprising short-term deposits with banks and liquidity funds, are predominantly held with counterparties with credit ratings ranging from A to AAAm as at 30 June 2014 (30 June 2013: A- to AAAm).

Seed capital investments

As at 30 June 2014 the amount invested in seed capital was £185.4 million (at cost) with a market value of £187.8 million (30 June 2013: £170.6 million at cost; £182.8 million market value). The 'at cost' investment represents 34% of Group net tangible equity (30 June 2013: 31%).

The majority of the Group's seed capital is held in liquid funds, such as daily-dealing SICAVs or US 40-Act mutual funds. Only 22% of the market value, and 19% of invested cost, or approximately £35 million, is held in funds with less than monthly liquidity. Seed capital is held in the currencies shown in the table below.

Seed capital by currency

	30 June 2014 £m	30 June 2013 £m
US dollar	122.8	115.6
Indonesian rupiah	36.2	46.9
Brazilian real	17.5	18.1
Other	11.3	2.2
Total market value	**187.8**	**182.8**

Ashmore manages its seed capital actively, seeking to recycle investments rather than locking the capital up for an extended period. During the financial year the Group made new commitments of £63.5 million (FY2012/13: £149.0m) and realised £48.0 million from previous investments (FY2012/13: £129.9 million).

Further details of the movements of seed capital items during the year can be found in note 21 to the financial statements. The total contribution of seed capital activities to Group profit before tax for the year was £4.8 million (FY2012/13: £17.2 million). This comprises gains on investment securities of £7.0 million (FY2012/13: £4.9 million) and finance income of £1.8 million (FY2012/13: £1.6 million), offset by operating expenses in consolidated funds of £1.0 million (FY2012/13: £0.7 million), third-party interests in consolidated funds of £2.3 million (FY2012/13: £1.2 million), and other loss on seed capital investments of £0.7 million (FY2012/13: £12.6 million gain).

Own shares held

The Group purchases and holds shares through an Employee Benefit Trust (EBT) in anticipation of the exercise of outstanding share options and the vesting of share awards. At 30 June 2014 the EBT owned 37,962,631 (30 June 2013: 35,205,106) ordinary shares.

Goodwill and intangible assets

Total goodwill and intangible assets on the Group's balance sheet at 30 June 2014 are £72.2 million (30 June 2013: £84.3 million) with the decrease attributable to the amortisation charge of £3.8 million (FY2012/13: £5.1 million) and foreign exchange revaluation through reserves of £8.3 million (FY2012/13: £2.3 million gain).

Foreign exchange management

The majority of the Group's fee income is received in US dollars and it is the Group's established policy to hedge up to two-thirds of the notional value of up to two years' budgeted foreign exchange-denominated net management fees, using either forward or option foreign exchange contracts. The Foreign Exchange Management Committee determines the proportion of budgeted fee income to hedge by regular reference to expected non-US dollar, and principally Sterling, cash requirements. The hedging contracts effectively create a corridor outside of which the proportion of fee income hedged is protected from movements in the GBP:USD rate. When the contracts expire, either they deliver Sterling or the Group sells the notional amount of US dollars for Sterling at the prevailing spot rate. The proportion of fee income received in foreign currency and not subject to hedging is held as cash or cash equivalents in the foreign currency and marked to market at the period end exchange rate.

For most of the period the GBP:USD rate remained within the corridor, outside of which protection is provided by the Group's hedging programme. There was a £3.5 million gain (FY2012/13: £1.2 million loss) on realised and unrealised hedging transactions. The foreign exchange translation of non-Sterling assets and liabilities, other than seed capital, resulted in a loss of £30.1 million (FY2012/13: £5.9 million gain) for the period since Sterling strengthened over 12% against the US dollar during the year, from 1.5213 to 1.7106.

Further information regarding the Group's capital adequacy status and Internal Capital Adequacy Assessment Process (ICAAP) can be found in the Group's Pillar III disclosures, which are available on our website at: **www.ashmoregroup.com**

Regulatory capital

As a UK listed asset management group, Ashmore is subject to regulatory supervision by the Financial Conduct Authority (FCA) under the Prudential Sourcebook for Banks, Building Societies and Investment Firms. At the year end the Group had one UK-regulated entity, Ashmore Investment Management Limited (AIML), on behalf of which half-yearly capital adequacy returns are filed. AIML held excess capital resources relative to its requirements at all times during the period under review.

Since 1 January 2007, the Group has been subject to consolidated regulatory capital requirements, whereby the Board is required to assess the degree of risk across the Group's business, and is required to hold sufficient capital against these requirements.

The Board has assessed the amount of Pillar II capital required to cover such risks as £72.9 million (30 June 2013: £87.0 million), with the reduction compared with the prior year the result of lower market volatility leading to a decrease in the value at risk multiplier. Thus, given the considerable balance sheet resources available to the Group, the Board is satisfied that the Group is adequately capitalised to continue its operations effectively.

In July 2014, in response to the requirements of the Alternative Investment Fund Managers Directive (AIFMD), the Group established and received FCA approval for an additional UK-regulated entity, Ashmore Investment Advisors Limited (AIAL). The establishment of AIAL has no effect on the Group's regulatory capital position.

Dividend

In recognition of Ashmore's operating and financial performance during the period, its balance sheet strength, and of the Board's confidence in the Group's future prospects, the Directors are recommending a final dividend of 12.00 pence per share for the year ended 30 June 2014, which, subject to shareholder approval, will be paid on 5 December 2014 to those shareholders who are on the register on 7 November 2014.

An interim dividend for the six-month period to 31 December 2013 of 4.45 pence per share (31 December 2012: 4.35 pence per share) was paid on 11 April 2014. Together, these result in a full year dividend of 16.45 pence per share (2013: 16.10 pence per share), an increase of 2%.

Tom Shippey
Group Finance Director

10 September 2014

A scalable investment platform

Mumbai, India

The Emerging Markets opportunity

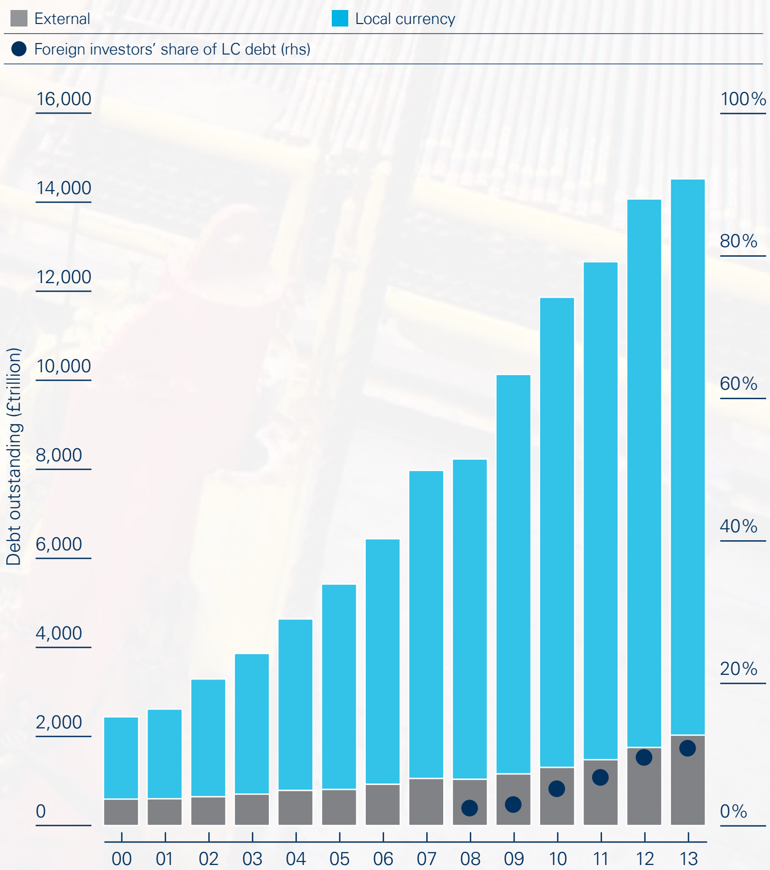
Structural growth factors

The Emerging Markets investment universe is sizeable, with US$14.5 trillion of tradable fixed income assets and US$15.1 trillion of equity assets. Future growth is underpinned by structural rather than cyclical factors and Emerging Markets economies appear better positioned than Developed Markets to contend with higher global interest rates over the medium term.

Public debt to GDP across Emerging Markets is stable at 34%, and is a fraction of that evident in Developed Markets (106%). The largest asset class is local currency (86% of total fixed income), reducing the reliance of countries and companies on external creditors. Further, the majority (88%) of local currency debt is held by domestic investors such as pension funds, meaning that emerging economies are fundamentally more resilient to market sell-offs.

Ashmore's investment capabilities span the broad universe, and an active management style ensures that opportunities are not limited to the relatively small sub-set of instruments represented in indices. As a result of these factors there are good prospects for AuM growth over the longer term.

FOREIGN INVESTORS IN LOCAL CURRENCY MARKETS



Source: Standard Chartered, Bank of America Merrill Lynch, IMF

Identifying and managing risks

The Group seeks to identify, quantify, monitor and manage effectively each of the risks present in its activities.

Risk management

The ultimate responsibility for risk management rests with the Board. However, for practical reasons some of this activity is delegated and the Group actively promotes a risk awareness culture throughout the organisation.

The principal risks, their mitigants, and their delegated owners are set out in the table below for each of the four risk categories that Ashmore considers most important: strategic and business; investment; operational; and treasury. Reputational and conduct risks are common characteristics across all four categories.

Further details of the Group's risk management and internal control systems and reporting are described in the Corporate governance report on pages 42 to 48

RISK MANAGEMENT STRUCTURE

Ashmore plc Board

Ultimately responsible for the Group's risk management and internal control systems

Group Risk and Compliance Committee (RCC)

Maintain a sound risk management and internal control environment

Assess the impact of the Group's activities on its regulatory and operational exposures

Chairman:
Group Head of Risk Management and Control

Members:
- Chief Executive Officer
- Group Finance Director
- Group Head of Compliance
- Group Head of Legal and Transaction Management
- Group Head of Distribution
- Group Head of IT, Operations, Performance, GIRC and Client Reporting
- Group Head of Internal Audit

RISK TYPE/OWNER	DESCRIPTION OF RISK	MITIGATION
Strategic and Business risk The risk that the medium and long-term profitability and/or reputation of the Group could be adversely impacted by the failure either to identify and implement the correct strategy, or to react appropriately to changes in the business environment. Responsible body: Ashmore Group plc Board	These include: – A long-term downturn in the fundamental and technical dynamics of Emerging Markets; – Ineffective marketing and distribution strategy; – Expansion into unsuccessful themes; – Potential market capacity issues and increased competition; and – Impact of negative or inaccurate press comments.	These include: – The Board's long investment management experience; – Group Operating Committee meets regularly; – A clearly defined Group strategy, understood throughout the organisation and actively monitored; – A diverse range of Emerging Markets investment themes across asset classes; – Experienced, centrally managed and globally located distribution team to access increasingly diversified sources of AuM; – Product Committee with knowledge of the markets and related regulation; and – Defined Media and Reputation Management Policy in place.
Investment risk The risk of non-performance or manager neglect of duty, including the risk that long-term investment outperformance is not delivered thereby damaging prospects for winning and retaining clients, and putting average management fee margins under increased pressure; and decreased market liquidity provided by counterparties that the Group and its funds rely on. Responsible body: Ashmore Group Investment Committees	These include: – That the investment manager does not adhere to strict policies e.g. in relation to market abuse; – Funds with a similar investment theme and restrictions are not managed similarly, resulting in different positions or exposures being held; – A downturn in long-term investment performance; and – Insufficient counterparties.	These include: – Investment Committees meet regularly (weekly for most investment themes across the Group) ensuring consistent core investment processes are applied; – Allocations across funds are actively reviewed to ensure appropriate consistency; – Dedicated Emerging Markets research and investment focus, with frequent country visits as well as a physical presence in key Emerging Markets; – Diversification of investment capabilities by theme, asset class and location; – Strong Compliance and Risk Management oversight of policies, restrictions, limits and other related controls; and – Formal counterparty policy with reviews held at least quarterly.

RISK TYPE/OWNER	DESCRIPTION OF RISK	MITIGATION
Operational risk Risks in this category are broad in nature and inherent in most businesses and processes. They include the risk that operational flaws result from a lack of resources or planning, error or fraud, weaknesses in systems and controls, or incorrect accounting or tax treatment. Responsible body: Ashmore Group Risk and Compliance Committee	These include: – Compliance with regulatory requirements as well as with respect to the monitoring of investment breaches; – The oversight of overseas subsidiaries; – Availability and retention of staff; – Fraud by an employee or third-party service provider; – Accuracy and integrity of data, including over-reliance on manual processes; – Errors resulting from trade execution and settlement process; – Oversight of third-party providers, including fund administrators; – New fund set-up or material changes to existing funds are incorrectly implemented; – Business and systems disruption including cyber security; – Set-up and maintenance of trading counterparties; – Inappropriate accounting practices lead to sanctions; and – Inadequate tax oversight or advice.	These include: – The Group's Risk and Compliance Committee meets on a monthly basis to consider the Group's Key Risk Indicators (KRIs); – Compliance, Legal and Finance departments to identify, quantify, monitor and manage regulatory changes; – Conflicts of interest review performed; – An integrated control and management framework is in place to ensure day-to-day global operations are managed effectively; – Resources are regularly reviewed and also career development and succession planning is in place; – IT Steering Group in place to approve and monitor progress of projects to reduce significant manual dependencies; – Fully integrated trade order management and portfolio accounting platforms; – Engagement letters or service level agreements are in place with all significant service providers; – Formal procedures and sign-off in place for launch of new funds or material changes to existing funds; – a BCP and Disaster Recovery policy and related procedures exist, and are tested regularly; – Cyber security review performed; – All trading counterparties are subject to strict risk, legal, compliance and operational sign-off prior to set-up; – Group accounting policies in place and regularly reviewed; and – Dedicated tax specialist within the Finance department.

RISK TYPE/OWNER	DESCRIPTION OF RISK	MITIGATION
Treasury risk These are risks that management does not appropriately mitigate balance sheet risks or exposures which could ultimately impact the financial performance or position of the Group. Responsible body: Chief Executive Officer and Group Finance Director	These include: – Group revenues are primarily US dollar-based, whereas financial results are denominated in Sterling; – The Group invests in its own funds from time to time, exposing it to price risk, credit risk and foreign exchange risk; – Liquidity management to meet funding obligations; and – The Group is exposed to credit risk and interest rate risk in respect of its cash balances.	These include: – Monthly reporting of all balance sheet exposures to the executive; – Oversight and management of the Group's foreign exchange balances is the responsibility of the FX Management Committee which determines the appropriate level of hedging required; – Seed capital is subject to monitoring by the Board within a framework of set limits including diversification; – Cash flows are forecast and monitored on a regular basis and managed in line with approved policy; – Group Liquidity Policy in place; – The availability of US dollar S&P AAA-rated liquidity funds managed by experienced cash managers; and – Defined risk appetite in place.

A proven long-term track record

Manzanillo, Mexico

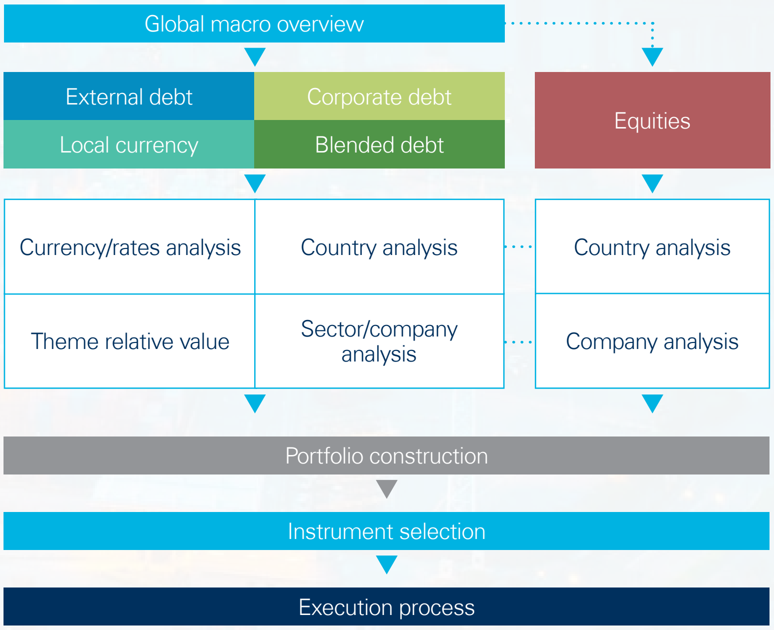
The Emerging Markets opportunity

Specialist, active investment processes deliver long-term outperformance

Ashmore's investment processes combine global and domestic teams, and macro views with deep analysis of individual investments. The result is successful long-term track records across its Emerging Markets investment themes.

Disciplined investment committees take a long-term, specialist approach and manage portfolios actively so as to access the full range of opportunities available within the large and diverse Emerging Markets asset class. Funds are managed by investment teams and there is no promotion of a star manager culture.

INVESTMENT PHILOSOPHY AND PROCESSES



Assessment of liquidity is central to Ashmore's investment processes and has enabled the Group to deliver investment returns across a wide range of market conditions. Trading liquidity is increasingly being provided by local market participants, and the Group's long history, scale and development of domestic fund management platforms mean it is well positioned to build relationships with a broad range of market counterparties.

Combining ethical investing with sound business practice

Investment

Business conduct and integrity

Ashmore believes that its reputation as an ethical, trustworthy provider of investment services is essential to its core purpose of helping clients to build their financial security. Ashmore seeks to establish and maintain long-term relationships with its clients and intermediaries and believes this to be a fundamental prerequisite for the growth of its business.

Responsible investing across Ashmore's themes

Ashmore aims to ensure that the governance bodies of the investments it makes comply with their own industry standards and best practice, treat their employees fairly, have active community programmes and operate with sensitivity to the environment. Ashmore has made investments in a number of renewable energy projects in different countries including hydroelectricity, geothermal energy and sugar-based ethanol production. Investments have also been made in a Middle East-based technology company which provides systems products and services for the reduction and recycling of waste and the preservation, protection and restoration of the environment; and, in China, in a company which makes batteries for electric vehicles, principally for use in buses. These investments on behalf of clients reflect Ashmore's overall approach to combining ethical investing with sound business practice.

Amongst the initiatives undertaken in South America is the establishment of an Environmental and Social Management System (ESMS) for the management of investments of a new investor fund in Colombia within the alternatives investment theme. This fund has been developed in a form and substance acceptable to the Inter-American Development Bank (IDB) and International Finance Corporation (IFC).

Ashmore's funds and segregated accounts each have a specific investment mandate which sets out the parameters for investment. Within the equities and corporate debt themes Ashmore is able to screen client portfolios to meet client requirements for geographic, sector and stock specific restrictions. Stock specific restrictions may include securities which meet clients' own ESG criteria.

Examples of investment areas where screening of portfolios can be offered based on (or informed by) client requirements (using recognised investment industry identifiers and coding into Ashmore's portfolio management system) include alcohol, animal/food products, armaments manufacturers or dealers, gambling, pornography and tobacco.

Ashmore at all times seeks to comply with all sanctions imposed by applicable government authorities, and also at a geographical level screens across all investment themes for countries which are on the United Nations and EU/UK Sanctions and the US Office of Foreign Assets and Control (OFAC) lists, for example, during the recent Russia/Ukraine crisis.

Environmental, Social and Governance (ESG) philosophy

Equities

ESG criteria tend to be focused primarily on equity investing because of the influence which shareholder interests are able to exert on the management of a particular company.

Ashmore believes that the way in which companies manage their relations with stakeholders can have an impact on business performance. These stakeholders encompass employees, local communities, wider society, governments, supply chains, customers and the natural environment. There are a wide range of ESG issues which could be relevant for a company depending on the industry in which it operates and its specific business profile. ESG issues can become new sources of risk or opportunities for companies, and a company's ability to respond to these issues can therefore act as an early signal of long-term competitiveness. To the extent practicable, Ashmore routinely monitors the ESG performance of the companies in which it invests through ongoing company visits and other information channels. Generally, companies disclose corporate governance practices through corporate policies, stock market listings, and market press releases (for example, Brazil has a separate category for companies committed to corporate governance best practice). Companies may also disclose environmental and social practices in annual reports and other reports to investors. These are then highlighted, as appropriate, in Investment Committee reports when relevant.

As a global investor, Ashmore recognises that legislation and best practice standards vary among countries and regions, and that it must remain sensitive to these differences. However, at a minimum, Ashmore expects the companies in which it invests to comply with the national legislation that applies to them.

Alternatives

Ashmore's alternatives investment theme often involves its funds taking significant stakes in investee companies. In such circumstances Ashmore is in a position to engage positively with the management of these companies. In many cases Ashmore believes it to be beneficial to its investors to be proactive in promoting its brand locally by improving the livelihoods of the employees in those companies where it has a significant stake. When undertaking initial due diligence on any investments within the alternatives theme Ashmore's deal memorandum checklist takes into account the consideration of ESG issues within the investment analysis and decision-making process, and the investee company's own ESG practices.

Fixed income

Within Emerging Markets debt segregated accounts, Ashmore offers clients the flexibility to implement their ESG constraints related to specific countries, sectors and securities (for example, restricted lists, concentration limits etc.).

Engagement

Within mature markets, ethical investing has often been portrayed as a 'negative' concept i.e. it involves a decision not to invest in a certain way. Whilst these concepts are well accepted in mature markets Ashmore believes that they are not necessarily conducive to helping emerging economies develop. In the context of developing countries Ashmore believes that it is also possible to apply other concepts such as engagement within the ethical investment debate.

In the equities theme Ashmore believes that good corporate governance helps to align the interests of company management with those of its shareholders. Where possible, Ashmore seeks to maintain constructive dialogue with company management.

Ashmore considers whether companies have corporate governance frameworks that are in line with applicable country codes and serve shareholder interests. Views on corporate governance do not constrain investment decisions however; often the best investments can be in companies where an improvement in corporate governance practices is anticipated. In many jurisdictions, and to the extent consistent with Ashmore's fiduciary duty to its clients, Ashmore exercises voting rights as a means to signal views to company management. Ashmore has developed detailed guidelines to guide voting decisions, but will, as appropriate, consider resolutions on a case-by-case basis taking into account all available information.

The majority of Ashmore's assets under management continue to be invested in either fixed income (the majority of which is sovereign) or local currencies. In the case of fixed income investments, Ashmore's ability to have an influence is generally limited to a decision whether or not to invest. However, at a country level Ashmore believes that it is able to exert an influence through dialogue with governments and central banks. In order to assist with the debate on the broader issues affecting Emerging Markets, to enhance the understanding of these markets globally and to address market failures, Ashmore engages with numerous international public sector financial institutions with the objective of aiding transparency and best practice. Engagement with a country, as opposed to disengagement, is akin to many small pressures every day as opposed to one 'big stick'. By remaining engaged over an extended period of time it is often possible to have a positive influence and to add credibility.

Where Emerging Markets are concerned therefore, it is believed that in certain circumstances it may be more beneficial to keep investment flowing combined with the influence which accompanies it in order to continue being able to help a country's population. In country specific terms at the extreme, being cut off from capital may allow undemocratic rulers to control their people by attributing blame for economic problems to foreign actions. Sanctions may be counter-productive and may reduce the welfare of the population considerably. Conversely, to the extent that governments pursue policies that are not in the best interests of that country then this is likely to become a bad investment proposition. Hence Ashmore takes investment and engagement/disengagement decisions on a case-by-case basis relative to the specific circumstances and investment criteria in the best interests of clients.

Proxy voting and corporate actions

Subject to specific mandate restrictions, Ashmore is generally responsible for voting proxies and taking decisions in connection with proxy voting with respect to equities, bonds, loans or other debt instruments held by or on behalf of the clients for which it serves as investment manager/adviser.

Where Ashmore is given responsibility for proxy voting and corporate actions, it will take reasonable steps under the circumstances to ensure that proxies are voted in the best interests of its clients. Protecting the financial interests of its clients is the primary consideration for Ashmore in determining how to protect such interests. This generally means proxy voting with a view to enhancing the value of the securities held by or on behalf of Ashmore's clients, through maximising the value of securities, taken either individually or as a whole.

Employees

Ashmore directly employs approximately 300 people in 11 countries worldwide, excluding employees in companies significantly controlled by funds that Ashmore manages. Ashmore's people have always been its most important asset, at the heart of everything it does. The Group's priority is to develop, manage and retain this talent in order to deliver the potential of the organisation. Ashmore wishes to be an employer which the most talented people aspire to join wherever it operates. Ashmore recognises that the involvement of its employees is key to the future success of the business and adopts a practice of keeping employees informed on significant matters affecting them, via email and in meetings arranged for the purpose. Ashmore has consistently operated a remuneration strategy that recognises both corporate and individual performance. Ashmore is also committed to following good practice in employment matters, recognising the part this plays in attracting and retaining staff.

Ashmore seeks to ensure that its workforce reflects, as far as practicable, the diversity of the many communities in which its operations are located. Ashmore also recognises the diverse needs of its employees in managing the responsibilities of their work and personal lives, and believes that achieving an effective balance in these areas is beneficial to both Ashmore and the individual. Ashmore encourages employees to act ethically and to uphold clearly the standards of practice which its clients have come to expect. It also means ensuring that employees understand the strategic aims and objectives of the Group and are clear about their role in achieving them.

UK Stewardship Code

Details on how, and the extent to which, Ashmore complies with the principles of the UK Stewardship Code are described separately on the Ashmore website at:
https://www.ashmoregroup.com/investor-relations/corporate-governance

The Ashmore Foundation: Making a positive difference

The Ashmore Foundation was established in January 2008 and seeks to make a positive and sustainable difference to disadvantaged communities and particularly young people in the Emerging Markets communities in which Ashmore operates and invests. To achieve this goal, the Foundation aims to develop long-term relationships with high-impact, locally-based non-government organisations (NGOs). The Foundation's financial support enables these organisations to directly enhance human welfare, opportunities and skills.

The Foundation has a full-time Director in order to develop and manage the Foundation's affairs. The board of trustees consists of six Ashmore employees in addition to one independent trustee. Ashmore also supports the Foundation's charitable activities through the provision of pro-bono office space, administrative support and a matched funding commitment for employee donations to the Foundation. The Foundation is supported solely by Ashmore and its employees globally. Crucially, this support from employees extends beyond financial aid through to active engagement in fundraising – such as the Ashmore Three Peaks Challenge which raised over £53,000 for two grantees – and a network of support which includes mentoring and helping NGOs expand their network of contacts.

The Ashmore Foundation's focus of work is designed in response to the fact that, despite economic growth in Emerging Markets, disadvantaged communities in many countries remain affected by poverty and lack access to basic healthcare, services and education opportunities that are both a basic right and could greatly improve their life situations. Moreover, a thriving civil sector is essential to democratic development in nascent and emerging nations.

The three main areas of focus for the Ashmore Foundation are:

Education

- Making education more inclusive for vulnerable children and young people
- Improving access to and quality of education
- Preparing disadvantaged students for real life

Health

- Increasing knowledge of and access to nutrition, safe water and sanitation
- Improving access to basic health services (particularly maternal and child health)
- Reducing risky behaviours of young people through education

Livelihoods

- Providing vocational training for disadvantaged young people
- Building community knowledge, resources and capacities for sustainable local enterprise
- Supporting effective social enterprise which benefits disadvantaged groups

The Ashmore Foundation currently has seven priority countries (Brazil, Colombia, Mexico, India, Indonesia, Philippines and Turkey) based on the location of Ashmore offices and significant investments, as well as the existence of a strong civil sector and clear social needs on which the Foundation can focus. Supporting locally-based NGOs in Emerging Markets reflects Ashmore's desire to 'give back' to the countries that have contributed to its profitability, supporting empowerment and local capacity in Emerging Markets.

The Foundation supports civil society organisations through two grants schemes; small grants of up to £5,000 of unrestricted funding, and partnership grants which are longer-term funding relationships, typically between £20,000 and £50,000 per year over three years. Whilst the Ashmore Foundation does not accept unsolicited applications, small grants are specifically designed to support employee recommended organisations. Partnership grantees are sourced through recommendations from experts, existing partners and detailed research undertaken by Foundation staff.

All proposals to the Foundation undergo a rigorous assessment which is designed to review not only the proposed activities but the organisation as a whole – taking into consideration day-to-day management, strategic governance, charitable activities and results, resources and accountability. The level and depth of due diligence is proportionate to the size of the grant under consideration.

In addition to the grants programme, the Ashmore Foundation supports civil society organisations through funding partnerships with other foundations. These partnerships enable the Foundation to bring its resources to bear with the skills and expertise of other organisations to most effectively support civil society.

Through the Ashmore Foundation, close to £2.5 million has been committed to more than 50 charitable causes throughout Emerging Markets since inception in 2008.

www.ashmorefoundation.org

Ashmore works to ensure employee policies and procedures reflect best practice within each of the countries where it has a presence. This means having policies and practices that make Ashmore an attractive place to work in respect of the day-to-day operating environment and culture, and also in respect of medium to long-term growth for employees, personally, professionally and financially.

High ethical standards

Ashmore's Board of Directors seeks to maintain a strong corporate culture employing high standards of integrity and fair dealing in the conduct of the firm's activities, compliance with both the letter and the spirit of relevant laws and regulations, and standards of good market practice in all jurisdictions where the Group's business is carried out. The Board's aim is to enable Ashmore to demonstrate that the Group is fit and proper to undertake its business, to safeguard the legitimate interests of Ashmore clients and to protect Ashmore's reputation.

Taxation

Ashmore is committed to paying tax in accordance with all relevant laws and regulations and complying with all fiscal obligations in the territories in which it operates. To facilitate this, the Group works to create and maintain transparent and open working relationships with all relevant tax authorities. Ashmore aims to maximise value for its shareholders and clients by managing its business in a tax efficient and transparent manner, within the remit of the applicable tax rules.

Financial crime

Ashmore is committed to minimising financial crime (including money laundering, bribery and corruption, fraud and market abuse). Ashmore has adopted risk-based policies and procedures on financial crime and is committed to ensuring that its customers' identification will be satisfactorily verified before a business relationship commences; this is ongoing throughout the course of the relationship.

Training is provided to all employees in relation to anti-money laundering and countering terrorist financing, including customer due diligence requirements, identifying money laundering, suspicious activity and financial crime.

Ashmore has procedures in place to provide staff with a means of airing concerns about behaviour or decisions that are perceived to be unethical. This can be done either directly or on a confidential basis about possible wrongdoing in the firm ('whistleblowing procedures').

Employee development

Ashmore believes that constructive performance management is an essential tool in the effective management of its people and business. Ashmore ensures all employees are competent to undertake their roles, have access to training as it is required, and can demonstrate their continuing professional development.

The performance management cycle comprises setting objectives and an annual performance appraisal against those agreed objectives. Output from this performance process is used to assist with decisions on remuneration, career development and progression.

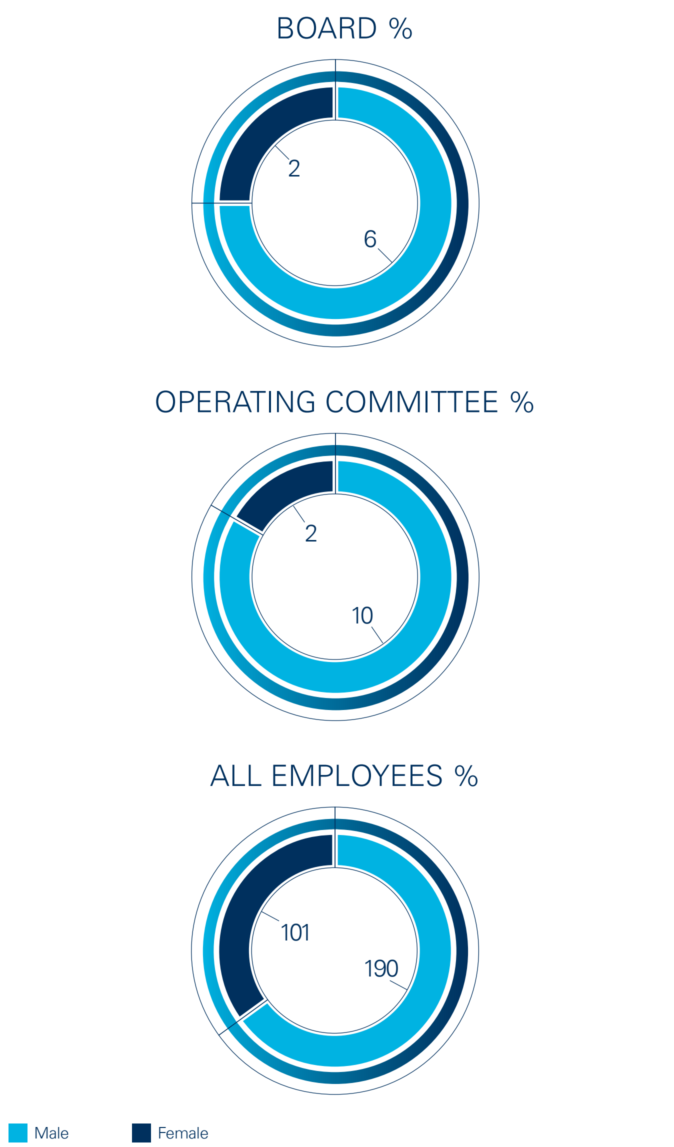
UK Stewardship Code
Details on how, and the extent to which, Ashmore complies with the principles of the UK Stewardship Code are described separately on the Ashmore website at:
https://www.ashmoregroup.com/investor-relations/corporate-governance

Diversity

Ashmore is committed to providing equal opportunities and seeks to ensure that its workforce reflects, as far as is practicable, the diversity of the many communities in which it operates. Ashmore employs over 29 different nationalities throughout the organisation. The gender balance is currently 65% male and 35% female.

It is the Group's policy to give appropriate consideration to applications from disabled persons, having regard to their particular aptitudes and abilities. For the purposes of training, career development and progression (including those who become disabled during the course of their employment) all are treated on equal terms with other employees. Ashmore operates a zero tolerance policy towards harassment and bullying and has a formal policy that documents the organisation's commitment to ensuring employees are treated with respect and dignity whilst at work.

Gender diversity (number of employees)



Health and safety

The health and welfare of employees is very important to the Group.

Ashmore promotes high standards of health and safety at work and has a comprehensive health and safety policy which is incorporated into the staff handbook and which highlights the commitment to ensuring employees are provided with a safe and healthy working environment. In London, Ashmore carries out regular risk assessments of premises and provides staff with safety training including training to fire wardens and first aid representatives. Ashmore also engages external consultants to carry out regular health and safety and fire assessments in its London premises.

There have been no reportable accidents in the UK or overseas premises.

Human rights

Ashmore supports the United Nations Universal Declaration of Human Rights.

Environment

As an investment manager, Ashmore has a limited direct impact upon the environment and there are few environmental risks associated with the Group's activities. Ashmore does not own any of the buildings where it occupies floorspace and invariably buildings in which it does have a lease are multi-tenanted and costs are apportioned to each tenant pro-rated according to occupancy. Ashmore's largest property occupancy is at its headquarters at 61 Aldwych, London, where it occupies a single floor of approximately 19,000 square feet in a nine-storey multi-tenanted building.

Electricity usage in London is separately monitored by floor with renewable energy accounting for a minimum of 10% of supply. Energy efficient lighting is installed in the building with sensors which turn lights off when no movement is detected. The building has received an Energy Performance Certificate with an Asset Rating of 98.

Greenhouse Gas Emissions reporting

Effective from 1 October 2013 all companies listed on the Main Market of the London Stock Exchange have to report their Greenhouse Gas emissions (GHGs) in their annual report. Further details can be found in the Directors' report on pages 52 to 55.

Travel

Although Ashmore endeavours to make maximum use of available technology, such as video conferencing, its business model as an investor in Emerging Markets inevitably requires that investment professionals and other members of staff travel frequently to these countries to investigate and monitor opportunities.

Recycling

Ashmore has in place recycling programmes for waste paper, photocopier toners and other disposable materials. Ashmore seeks to minimise the use of paper as part of its clear desk policy and electronic scanning is actively encouraged. All printing is two-sided by default.

Ashmore is conscious of minimising its impact on the environment. For this reason, wherever possible Ashmore chooses paper stocks that have been sustainably sourced and which are Forest Stewardship Council© (FSC) accredited (or equivalent) for its marketing materials and business stationery.

Ashmore provides obsolescent computers to Computer Aid International (Computer Aid), a UK registered charity that aims to reduce poverty through practical ICT solutions. Computer Aid sends these PCs to various projects across Africa and South America and furnishes Ashmore with details of where they are used. Any units that are not usable are disposed of in an environmentally friendly fashion.

By order of the Board

Michael Perman
Company Secretary

10 September 2014

Board of Directors

The Hon. Michael Benson
Non-executive Chairman (Age 71)

Michael Benson was appointed to the Ashmore Group plc Board as Non-executive Chairman in July 2006. He is Chairman of the Company's Nominations Committee. Michael began his career in the City in 1963 and, after a series of senior positions in the investment management industry, was, from 2002 to March 2005, Chairman of Invesco and Vice Chairman of Amvescap plc. Prior to that he was CEO of Invesco Global (1997-2002). Michael is a Non-executive Director of Trinity Street Asset Management and is the director of the York Minster Fund.

Committee membership: N, R

Mark Coombs
Chief Executive Officer (Age 54)

Mark Coombs was appointed a Director on the incorporation of the Company in December 1998, and has served as its Chief Executive Officer since then. He held a number of positions at Australia and New Zealand Banking Group (ANZ) and led Ashmore's buyout from ANZ in early 1999. He is Co-Chair of EMTA, the trade association for Emerging Markets, having been on the Board since 1993. Mark has an MA in Law from Cambridge University.

Tom Shippey
Group Finance Director (Age 40)

Tom Shippey was appointed to the Board as Group Finance Director in November 2013. He was previously Head of Corporate Development, in which capacity he was responsible for developing and implementing Ashmore's corporate strategy. Prior to joining Ashmore in 2007, he worked for UBS Investment Bank, including advising on the Ashmore IPO in 2006. Tom qualified as a Chartered Accountant with PricewaterhouseCoopers in 1999 and is a Fellow of the ICAEW. He has a BSc. in International Business and German from Aston University.

Nick Land
Senior Independent Non-executive Director (Age 66)

Nick Land was appointed to the Board as Senior Independent Non-executive Director and Chairman of the Audit Committee in July 2006. He is a qualified accountant and was a partner of Ernst & Young LLP from 1978 to 2006 and its Chairman from 1995 to 2006. Nick is a Non-executive Director of BBA Aviation plc, Alliance Boots GmbH and Vodafone Group plc and a trustee of the Vodafone Group Foundation. He is a Board member of the Financial Reporting Council and is Chairman of the Board of Trustees of Farnham Castle.

Committee membership: A, N, R

Melda Donnelly
Non-executive Director (Age 64)

Melda Donnelly joined the Ashmore Group Plc Board as a Non-executive Director in July 2009, and is also a member of the Audit Committee. Melda is an Australian citizen and Chartered Accountant. She was the founder and Chairperson of the Centre for Investor Education. Current directorships include Treasury Group Limited and UniSuper Pty Limited. Melda's past investment experience includes being CEO of Queensland Investment Corporation and Deputy Managing Director of ANZ Funds Management and Managing Director of ANZ Trustees. She is currently a member of the Advisory Committee of the Oxford University Centre for Ageing.

Committee membership: A, N

Simon Fraser
Non-executive Director (Age 55)

Simon Fraser joined the Board in February 2012. Simon has extensive experience of the fund management industry, having worked at Fidelity International from 1981 to 2008. At Fidelity he held a number of positions during his career, including President, European & UK Institutional Business, Global Chief Investment Officer, Chief Investment Officer for Asia Pacific and Chief Investment Officer of the European Investment Group. He is Chairman of Foreign & Colonial Investment Trust plc and The Merchants Trust plc, and a Non-executive Director of Fidelity European Values Plc and Fidelity Japanese Values Plc. Simon was recently appointed as the first Chairman of the Investor Forum, which is being set up by the asset management industry.

Committee membership: A, N, R

Charles Outhwaite
Non-executive Director (Age 49)

Charles Outhwaite joined the Board in February 2013. Charles is a graduate in modern history from Oxford University and also holds an MBA from Warwick business school. He has over 25 years' experience in corporate finance with a particular focus on the financial services sector. He is currently a Senior Advisor to Evercore Partners and was a Partner and Managing Director of Lexicon Partners prior to its acquisition by Evercore in 2011. Charles began his investment banking career with J Henry Schroder Wagg & Co and was a Managing Director of Donaldson Lufkin and Jenrette (DLJ), and, until 2001, of Credit Suisse First Boston's Financial Institutions Group following its acquisition of DLJ in 2000.

Committee membership: A, R

Dame Anne Pringle DCMG
Non-executive Director (Age 59)

Dame Anne Pringle joined the Board in February 2013. Dame Anne graduated from St Andrews University with an MA in French and German. She has over 30 years' experience as a career diplomat with the Foreign and Commonwealth Office, focusing in particular on the EU, Russia and Eastern Europe. Between 2001 to 2004, Dame Anne was the British Ambassador to the Czech Republic and from 2004 to 2007 Director of Strategy and Information at the FCO and a member of the FCO Board. From 2008-2011 she served as Ambassador to the Russian Federation. Dame Anne was appointed Dame Commander of the Order of St Michael and St George (DCMG) in the 2010 New Year Honours List. Anne is a Public Appointments Assessor, the Government's Special Representative on Deportation with Assurances, a member of the Foreign Secretary's advisory Locarno Group and a Non-executive Director on the Court of St Andrew's University.

Committee membership: R

Key to membership of committees
A – Audit and Risk
N – Nominations
R – Remuneration

Corporate governance

Chairman's introduction

The Group early-adopted the provisions of the revised 2012 UK Corporate Governance Code (which applied to reporting periods beginning on or after 1 October 2012) in the previous financial reporting year. References herein to 'the Code' are to the 2012 version of the UK Corporate Governance Code. The Group has been in compliance with the Code and its predecessor versions since Admission to listing on the London Stock Exchange on 17 October 2006, except where the Directors consider that in particular limited circumstances, departure may be justified and explained.

No departures from the Code occurred during the year under review.

This report describes the Group's corporate governance arrangements, explaining how it has applied the principles of the Code.

Michael Benson
Chairman

Directors

The Board of Directors comprises two Executive Directors and six Non-executive Directors. The two Executive Directors are Mark Coombs, the Chief Executive Officer, and Tom Shippey, the Group Finance Director. The Non-executive Directors are Michael Benson, Chairman; Nick Land, Senior Independent Director; Melda Donnelly, Simon Fraser, Charles Outhwaite and Dame Anne Pringle. With the exception of Tom Shippey, who joined the Board on 25 November 2013 following the resignation of Graeme Dell on the same date, all Directors served throughout the year. The Board has a schedule of matters specifically reserved to it for decision and approval, which include, but are not limited to:

- the Group's long-term commercial objectives and strategy;
- major acquisitions, disposals and investments;
- the Group's annual and interim reports and financial statements;
- interim dividend and recommendation of final dividend;
- annual budgets and forecast updates;
- significant capital expenditure; and
- the effectiveness of internal controls.

The roles of the Chairman and Chief Executive Officer are separate, clearly defined and have been approved by the Board. The Chairman is responsible for the effective conduct of the Board, while the Chief Executive Officer is responsible for execution of strategy and for the day-to-day management of the Group.

In considering Non-executive Director independence, the Board has taken into consideration the guidance provided by the Code. The Board considers Michael Benson, Nick Land, Melda Donnelly, Simon Fraser, Charles Outhwaite and Dame Anne Pringle to be independent. Nick Land is the Senior Independent Director.

During the year under review the Group complied with the Code requirement that at least half of the Board consist of independent Directors (excluding the Chairman).

Following changes to the UK Listing Rules on 16 May 2014 requiring a company with a Premium listing and a controlling shareholder, in this instance one who controls at least 30% of the company's voting rights, to enter into a relationship agreement (the agreement), the Company has entered into such an agreement with Mark Coombs, effective 1 July 2014. The Board will report on compliance with the agreement for the financial reporting period ending on 30 June 2015.

The Board meets a minimum of six times during the year to review financial performance and strategy and to follow the formal schedule of matters reserved for its decision. Comprehensive Board papers, comprising an agenda and formal reports and briefing papers, are sent to Directors in advance of each meeting. Throughout their period in office, Directors are continually updated by means of written and verbal reports from senior executives and external advisers on the Group's business, and the competitive and regulatory environments in which it operates, as well as on legal, compliance, corporate governance, corporate social responsibility and other relevant matters.

In addition to its formal business, the Board received a number of briefings and presentations from executive management during the year covering a wide range of topics across the range of the Group's business. All Directors have access to independent professional advice, if required, at the Company's expense as well as to the advice and services of the Company Secretary. New Directors appointed to the Board will receive advice as to the legal and other duties and obligations arising from the role of a director of a UK listed company within a full, formal and tailored induction programme. The Company Secretary, under the direction of the Chairman, is responsible for maintaining an adequate continuing education programme, reminding the Directors of their duties and obligations on a regular basis, ensuring good information flows between the Board, its committees and management and assisting with Directors' continuing professional development needs.

The Company's Nominations Committee considers the appointment and replacement of Directors subject to the rules set out in the Articles, a summary of which is set out below.

Under the Articles, the minimum number of Directors shall be two and the maximum shall be nine. Directors may be appointed by the Company by ordinary resolution or by the Board. A Director appointed by the Board must offer himself/herself for election at the next Annual General Meeting of the Company following his appointment but he is not taken into account in determining the Directors or the number of Directors who are to retire by rotation at that meeting.

Biographical details of the Directors are given on page 41

The Directors to retire by rotation must be those who held office at the time of the two preceding Annual General Meetings and did not retire at either of them or if they have held office with the Company for a continuous period of nine years or more at the date of the Annual General Meeting. The office of Director shall be vacated in other circumstances, including where (i) that Director resigns or is asked to resign; (ii) they are or have been suffering from mental ill-health; (iii) they are absent without permission of the Board from meetings of the Board for six consecutive months; (iv) they become bankrupt or compound with their creditors generally; or (v) they are prohibited by law from being a Director.

Notwithstanding these provisions the Board has adopted provision B.7.1 of the Code and, with the exception of Melda Donnelly who will not be seeking re-election and who will retire from the Board at the conclusion of the meeting, all Directors will retire and seek re-election at the Annual General Meeting on 30 October 2014. The new Listing Rules require that the election/re-election of independent directors be by a majority of votes cast by independent shareholders as well as by a majority of votes cast by all shareholders. These rules will apply to the Ashmore Group plc Annual General Meeting that will be held on 30 October 2014.

Powers of the Directors

Subject to the Company's Articles, the Companies Acts and any directions given by the Company by special resolution, the business of the Company is managed by the Board, who may exercise all powers of the Company, whether relating to the management of the business of the Company or not.

Annual performance evaluation

The Code recommends that the Board should undertake a formal annual evaluation of its own performance and that of its committees and individual Directors and that an externally facilitated evaluation should be undertaken at least once every three years. An independent externally facilitated evaluation was undertaken by Condign Board Consulting (which has no other connection with the Company) in the reporting year FY2011/12. For the year under review the Board conducted an internal evaluation of its own performance and that of its committees and individual Directors led by the Chairman and assisted by the Company Secretary. Meetings were held between each Director and the Chairman in which issues and developments over the year were discussed and performance was considered by reference to the objectives of the Board and its committees. The issues raised during this process were discussed by the Board together. The Non-executive Directors, led by the Senior Independent Non-executive Director also evaluated the performance of the Chairman and gave feedback which was also reflected in the Board discussion.

The Board believes that, following the completion of the performance evaluation, the performance of the Directors continues to be effective and that they continue to demonstrate commitment to their roles.

Board and committee attendance

The table below sets out the number of meetings of the Board and its committees and individual attendance by the Directors.

Any Directors who are not members of Board committees are also invited to attend meetings of such committees.

Board and committee attendance

	Board	Nominations Committee	Audit and Risk Committee	Remuneration Committee
Total number of meetings scheduled between 1 July 2013 and 30 June 2014	7	3	4	5
Michael Benson	100%	100%	–	100%
Mark Coombs[1]	100%	–	–	–
Tom Shippey[1, 2]	100%	–	–	–
Nick Land	100%	100%	100%	100%
Melda Donnelly	100%	100%	100%	–
Simon Fraser	100%	100%	100%	100%
Charles Outhwaite[3]	100%	–	100%	100%
Dame Anne Pringle[3]	100%	–	–	100%

1. Members of executive management are invited to attend Board committee meetings as required but do not attend as members of those committees. The Group Finance Director attends all meetings of the Audit and Risk Committee.
2. Tom Shippey was appointed to the Board on 25 November 2013 and has attended all meetings since that date. Graeme Dell served on the Board between 1 July 2013 and 25 November 2013 and attended all Board meetings held in this period.
3. Charles Outhwaite was appointed to the Audit and Risk Committee and the Remuneration Committee on 30 October 2013 and Dame Anne Pringle was appointed to the Remuneration Committee on 30 October 2013 and they have attended all meetings of these committees since that date.

CORPORATE GOVERNANCE FRAMEWORK

plc Board of Directors
Responsible for overall strategy, management and control

plc Executive Directors

Management Committees
Responsible for overseeing business, investments and internal controls

- Investment Committees
- Systems and Controls Review Committee
- Pricing Methodology and Valuation Committee
- Product Committee
- Global Investment Performance Standards Committee
- Operating Committee
- Risk and Compliance Committee
- Pricing Oversight Committee
- Foreign Exchange Management Committee
- IT Steering Group

Senior Management
Responsible for day-to-day management

plc Remuneration Committee
Determines compensation for Code Staff and reviews compensation for Control Staff

plc Audit and Risk Committee
Separate detailed terms of reference in line with corporate governance best practice

Auditors

External:
Independent assurance via audit of Group Financial Statements and audit of internal control procedures under ISAE 3402

Internal:
Independent assurance via audit directed at specific departmental control procedures

Board committees

The Board has appointed Audit and Risk, Remuneration and Nominations Committees to assist in the execution of its duties.

All of these committees operate within written terms of reference, which are reviewed annually. The terms of reference of the committees are reviewed annually consistent with changes in legislation and best practice.

The chairman of each committee reports regularly to the Board.

Each of the committees is authorised, at the Company's expense, to obtain external legal or other professional advice to assist in carrying out its duties. Only the members of each committee are entitled to attend its meetings but others, such as senior management and external advisers, may be invited to attend as appropriate.

Current membership of the committees is shown in the relevant sections below. The composition of these committees is reviewed annually, taking into consideration the recommendations of the Nominations Committee.

Audit and Risk Committee

Activities

The Audit and Risk Committee met four times during the year. The activities of the Audit and Risk Committee are described on pages 49-50 in the separate Audit and Risk Committee report.

During the year under review the Audit and Risk Committee comprised the following Non-executive Directors and was fully compliant with the Code:

- Nick Land (Chairman)
- Melda Donnelly
- Simon Fraser

Charles Outhwaite was appointed to the Audit and Risk Committee on 30 October 2013.

The terms of reference for the committee take into account the requirements of the Code and are available for inspection at the registered office and at the Annual General Meeting and can also be found on the Company website at **www.ashmoregroup.com**

The Board is satisfied that for the year under review and thereafter Nick Land, Melda Donnelly, Simon Fraser and Charles Outhwaite had and have recent and relevant commercial and financial knowledge and experience to satisfy the provisions of the Code. Nick Land and Melda Donnelly are Chartered Accountants, Simon Fraser has previously served as Global Chief Investment Officer with Fidelity International and Charles Outhwaite is a corporate financier specialising in the investment management industry.

A report on the activities of the Audit and Risk Committee is set out below.

The terms of reference for the Audit and Risk Committee include:

- monitoring the integrity of the financial statements of the Company, any formal announcements relating to the Company's financial performance and any significant financial issues and judgements contained in them;
- reviewing the Group's draft annual financial statements and interim results statement prior to discussion and approval by the Board and reviewing the external auditor's detailed reports thereon;
- reviewing the external auditor's plan for the audit of the Group's financial statements, receiving and reviewing confirmations of auditor independence and approving the terms of engagement and proposed fees for the audit;
- making recommendations to the Board for a resolution to be put to shareholders to approve the re-appointment of the external auditor;
- reviewing the level and amount of external auditor non-audit services;
- reviewing the Group's internal control and risk management systems, reporting to the Board on the results of this review and receiving updates on key risks and controls;
- overseeing and challenging the day-to-day risk management and oversight arrangements of the executive and the design and execution of stress and scenario testing;
- overseeing and challenging due diligence on risk issues relating to material transactions and strategic proposals that are subject to approval by the Board;
- considering and approving the remit of the risk management function and ensuring that it has adequate independence;
- reviewing the Audit and Risk Committee's terms of reference, carrying out an annual performance evaluation exercise and noting the satisfactory operation of the Committee; and
- reporting to the Board on how it has discharged its responsibilities.

The Audit and Risk Committee has requested and received reports from management to enable it to fulfil its duties under its terms of reference.

A report on the activities of the Remuneration Committee is included in the Group's reporting on remuneration on pages 56 to 69. The terms of reference for the Remuneration Committee take into account the requirements of the Code and are available for inspection at the registered office, at the Annual General Meeting and can also be found on the Company website at **www.ashmoregroup.com**

The Audit and Risk Committee also has responsibility for reviewing the Company's arrangements on whistleblowing, ensuring that appropriate arrangements are in place for employees to be able to raise, in confidence, matters of possible impropriety, with suitable subsequent follow-up action.

The Audit and Risk Committee has the authority to seek any information it requires to perform its duties from any employee of the Company and to obtain outside legal or other independent professional advice as appropriate.

The number of Audit and Risk Committee meetings and their attendance by the Directors are set out in the table on page 43. Representatives of KPMG LLP, the Group Finance Director, Group Head of Risk and Group Internal Auditor attend each meeting as a matter of practice and presentations are made by the executive management as required.

Remuneration Committee

Activities

The Remuneration Committee met five times during the year. The Director's Remuneration Policy and Annual Report on Remuneration on pages 57 to 69 describe the various matters which have been the principal areas of focus for the Remuneration Committee in FY2013/14.

During the year under review the Remuneration Committee comprised the following Non-executive Directors and was fully compliant with the Code:

- Nick Land (Chairman) (until 30 October 2013)
- Simon Fraser (Chairman) (from 30 October 2013)
- Michael Benson

Charles Outhwaite and Dame Anne Pringle were appointed to the Remuneration Committee on 30 October 2013.

The terms of reference for the Remuneration Committee include:

- reviewing the ongoing appropriateness and relevance of the remuneration policy;
- reviewing the design of all share incentive plans for approval by the Board and shareholders;
- ensuring that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and that remuneration incentives are compatible with the Company's risk policies and systems;
- making recommendations to the Board as to the Company's framework or broad policy for the remuneration of the Chairman, the Executive Directors and the Company Secretary and to determine their total individual remuneration packages including bonuses, incentive payments and share options or other share awards;
- ensuring that a significant proportion of Executive Directors' remuneration is structured so as to link rewards to corporate and individual performance and that performance conditions are stretching and designed to promote the long-term success of the Company; and
- ensuring that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

The number of Remuneration Committee meetings and their attendance by the Directors are set out in the table on page 43. In addition, and in accordance with the terms of reference, the members of the Remuneration Committee were also consulted on a range of issues during the year, including specific matters related to recruitment.

Nominations Committee

Activities

The Committee met three times during the year. The principal items considered at the meetings were the sourcing of new, and succession planning for, Non-executive Directors and the composition of existing Board committees.

During the year under review the Nominations Committee comprised the following Non-executive Directors and was fully compliant with the Code:

- Michael Benson (Chairman)
- Nick Land
- Melda Donnelly
- Simon Fraser

All members of the Nominations Committee served throughout the year.

The terms of reference for the Committee take into account the requirements of the Code and are available for inspection at the registered office and at the Annual General Meeting and can also be found on the Company website **www.ashmoregroup.com**

The terms of reference for the Nominations Committee include:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and its committees;
- reviewing annually the time required from each Non-executive Director, using performance evaluation to assess whether the Non-executive Director is giving sufficient commitment to the role;
- giving full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company and what skills and expertise are needed on the Board in the future; and
- ensuring that on appointment to the Board, Non-executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings.

During the year the activities of the Nominations Committee have included reviewing the requirements for potential independent Non-executive candidates for appointment to the Board, proposals for re-election of Directors at the Annual General Meeting, and reviewing its terms of reference. For the recent Board recruitments the Nominations Committee engaged Blackwood Recruitment LLP who have no connection to the Group.

The number of Nominations Committee meetings and their attendance by the Directors are set out in the table on page 43.

Relations with shareholders

The Company places great importance on communication with its investors and aims to keep shareholders informed by means of regular communication with institutional shareholders, analysts and the financial press throughout the year.

Annual and interim reports and trading updates are widely distributed to other parties who may have an interest in the Group's performance. These documents are also made available on the Company's website where formal regulatory information service announcements are also posted. The Chief Executive Officer and Group Finance Director make regular reports to the Board on investor relations and on specific discussions with major shareholders and the Board receives copies of all research published on the Company.

The 2014 Annual General Meeting will be attended by all Directors, and the Chairmen of the Audit and Risk, Nominations and Remuneration Committees will be available to answer questions. Private investors are encouraged to attend the Annual General Meeting.

The Senior Independent Director is available to shareholders if they have concerns which contact through the normal channels of Chairman, Chief Executive Officer or Group Finance Director has failed to resolve or for which such contact is inappropriate. The Company continues to offer major shareholders the opportunity to meet any or all of the Chairman, the Senior Independent Director and any new Directors.

The Group will announce via a regulatory information service the number of proxy votes cast on resolutions at the Annual General Meeting and any other general meetings.

Risk management and internal control systems

In accordance with the principles of the Code, the Board is ultimately responsible for the Group's risk management and internal control systems and for reviewing their effectiveness. Such systems and their review are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Within the Group's overarching corporate governance framework, through which the Board aims to maintain full and effective control over appropriate strategic, financial, operational and compliance issues, an internal control framework has been established, against which the Company is able to assess the effectiveness of its risk management and internal control systems. The Group's system of internal control is embedded within its routine operations, and a strong control culture is combined with clear management responsibility and accountabilities for individual controls. The internal control framework provides an ongoing process for identifying, evaluating and managing the Group's principal risks, and has been in place for the year under review and up to the date of approval of the annual report and accounts. The process is regularly reviewed by the Board, and accords with the guidance in the document 'Internal Control: Revised Guidance for Directors on the Combined Code, October 2005' (Turnbull Guidance) published by the Financial Reporting Council.

The Executive Directors oversee the key risks and controls and the risk management process on a day-to-day basis, and have put in place an organisational structure with clearly defined lines of responsibility and delegation of authority.

The Group's Risk and Compliance Committee (RCC), which meets monthly, is responsible for maintaining a sound risk management and internal control environment and for assessing the impact of the Group's ongoing activities on its regulatory and operational exposures. The RCC is chaired by the Group Head of Risk Management and Control – the other members are the Chief Executive, the Group Finance Director, the Group Head of Compliance, the Group Head of IT, Operations, Performance, GIRC and Client Reporting, the Group Head of Legal and Transaction Management, the Group Head of Distribution and the Group Head of Internal Audit. Responsibility for risk identification is shared amongst these senior management personnel, with each such individual being responsible for day-to-day control of risk in their business area.

There are established policies and procedures to enable the Board, through its regular meetings, to monitor the effectiveness of the risk management and internal control systems, which cover all significant identified internal and external strategic, operational, financial, compliance and other risks, including the Group's ability to comply with all applicable laws, regulations and clients' requirements.

The Board receives regular financial and other management information related to the control of expenditure against budget and the making of investments, and for monitoring the Group's business and its performance, and regular compliance and risk reports.

The main features of the Group's risk management and internal control systems are as follows:

Policies

- core values and policies together comprising the Group's high-level principles and controls, with which all staff are expected to comply;
- manuals of policies and procedures, applicable to all business units, with procedures for reporting weaknesses and for monitoring corrective action;
- a code of business conduct, with procedures for reporting compliance therewith; and
- a defined operational framework and organisational structure with appropriate delegation of authority, segregation of duties with accountability that has regard to acceptable levels of risk.

Processes

- a planning framework is maintained, which incorporates a Board approved strategic plan, with objectives for each business unit;
- an in-depth annual budget is reviewed and approved by the Board and is regularly subject to update through a formal re-forecasting process;
- regular reviews of the financial and operating performance of the Company and its subsidiaries are undertaken by the Group's Operating Committee to focus on delivery of the Group's key strategic objectives;
- detailed investment reports are prepared and discussed at each of the sub-committee meetings of the Group's Investment Committees, which take place weekly or monthly depending on investment theme, with follow-up actions agreed and implemented within a strict operational framework;
- oversight of the valuation methodologies used for clients' fund investments that cannot be readily externally priced is the responsibility of the Group's Pricing Methodology and Valuation Committee (PMVC) which meets monthly to review the current valuation methodology for each of these investments and to propose an updated valuation methodology where appropriate;
- regular senior management systems and controls reviews are undertaken by the Group Finance Director with the Group Head of Compliance, the Group Head of Human Resources, and the Group Head of Risk Management and Control in which the Chief Executive Officer participates at least annually. These reviews include evaluation of the potential impact and likelihood of identified risks and possible new risk areas;
- the Group Compliance function, whose responsibility is to ensure that the Group at all times meets its regulatory obligations, and to integrate regulatory compliance procedures and best practices within the Group, undertakes an ongoing compliance monitoring programme covering all the relevant areas of the Group's operations, to seek to identify any breach of compliance with applicable financial services regulation, which includes real-time investment restrictions monitoring of client mandate requirements. Results of the compliance monitoring programme are reported to the RCC in support of the overall risk management and internal control framework;
- a matrix of top risks identifies key business, operational, financial compliance and conduct risks, and considers the likelihood of those risks crystallising and the resultant impact. The inherent risk within each business activity has been identified, with the adequacy and mitigating effect of existing processes being assessed to determine a current residual risk level for each such activity. On the basis that further mitigants may be employed over time, a target residual risk for each activity after one to two years has been defined and progress to target is formally tracked;
- key risk indicator (KRI) statistics are reported to and analysed by the RCC. The KRIs indicate trends in the Group's risk profile, assist in the reduction of errors and potential financial losses and seek to prevent exposure by proactively dealing with a potential risk situation before an event actually occurs;
- strong financial controls are maintained to ensure accurate accounting for transactions, appropriate authorisation limits to contain exposures, and reliability of data processing and integrity of information generated;
- Board members receive monthly management information including accounts and other relevant reports, which highlight actual financial performance against budget/forecast and prior year period;
- there are well-defined procedures governing the appraisal and approval of corporate investments, including seeding of funds and purchase of own shares, with detailed investment and divestment approval procedures, incorporating appropriate levels of authority and regular post-investment reviews;
- oversight and management of the Group's foreign currency cash flows and balance sheet exposures are the responsibility of the FX Management Committee which determines the appropriate level of hedging required and appropriate accounting treatment;

- the Group has secure information and communication systems which are appropriately configured and maintained. Oversight and direction is provided by the Group's IT Steering Group, which implements the IT strategy and approves and governs all IT projects;
- the development of new products, consideration of material changes to existing funds, and the restructuring of funds and products is the responsibility of the Product Committee and forms an important part of the Group's business in responding to clients' needs and changes in the financial markets; and
- a Global Investment Performance Standards (GIPS) Committee which acts as the primary decision-making body within the Group in relation to any changes to the existing set of composites, and approving the creation of new composites.

Verification

- the external auditors are engaged to express an opinion on the annual financial statements, the half year review and also independently and objectively review the approach of managementto reporting operating results and financial condition;
- the Board, through the Audit and Risk Committee, receives half-yearly updates from the Group's external auditors which include any control matters that have come to their attention;
- annual control reports are reviewed independently by the Group's external auditors pursuant to the International Standards on Assurance Engagements 3402 (ISAE 3402);
- the internal audit function undertakes a programme of reviews of systems, processes and procedures as determined by the Audit and Risk Committee, reporting the results together with their advice and recommendations, and assisting in the presentation of their findings to the Committee. The internal audit function, until July 2013 was provided under an outsourcing arrangement by Ernst & Young but since that date has been internally resourced by the Company.

Confirmation

Through the Audit and Risk Committee, the Board has conducted an annual review and assessment of the effectiveness of the risk management and internal control systems, and has identified no significant failings or weaknesses during this review. In conducting this review, the Board has considered the periodic reports on compliance and risk matters, including reports provided by the internal audit function, and the annual report on risk management and internal control processes from the RCC. These reports were received throughout the year up to the latest practicable date prior to the approval of the annual report and accounts. The Board is satisfied that appropriate planned actions continue to be effective in improving controls as the Group develops, and its overall assessment of the control framework continues to be satisfactory.

Ashmore has minority interests in three joint ventures/associates which operate risk management and internal control systems that are not dealt with as part of the Group for the purposes of this statement. These are:

- Ashmore CCSC Fund Management Company Limited
- Everbright Ashmore (Hong Kong) Limited
- VTB-Ashmore Capital Holdings Limited

By order of the Board:

Michael Perman
Company Secretary

10 September 2014

Audit and Risk Committee report

The composition and summary terms of reference of the Audit and Risk Committee are set out on pages 44 and 45.

The principal activities of the Audit and Risk Committee through the year, and the manner in which it discharged its responsibilities, were as follows:

Meetings

The Audit and Risk Committee meets at least four times during a year as part of its standard process. Meetings of the Committee generally take place on the day prior to a Board meeting to maximise the efficiency of interaction with the Board. The Chairman of the Audit and Risk Committee reports to the Board, as part of a separate agenda item, on the activities of the Committee. All Non-executive Directors are invited to attend meetings of the Audit and Risk Committee.

The Chairman of the Audit and Risk Committee also meets on a regular basis, outside of scheduled committee meetings, with the Group Head of Internal Audit, the Group Head of Risk Management and Controls, the Group Head of Compliance, the Group Finance Director and the external auditors.

Financial statements

The Audit and Risk Committee reviewed the FY2013/14 annual report, interim results, preliminary results and reports from the external auditor, KPMG LLP, on the outcome of its reviews and audits in 2014.

Significant accounting matters

During the year the Audit and Risk Committee considered key accounting issues, matters and judgements in relation to the Group's financial statements and disclosures relating to:

i) Impairment review of the carrying value of goodwill and intangible assets

As more fully explained in note 15 on page 96, the goodwill balance within the Group relates principally to the acquisition of Emerging Markets Management LLC (EMM) in May 2011. During the year ended 30 June 2014 the Committee critically reviewed the analyses performed by management on goodwill and intangibles and agreed that no impairment to goodwill or intangibles was necessary.

ii) Assessment of contingent consideration in relation to EMM

Ashmore acquired a 62.94% equity stake in EMM in May 2011 for which initial and future consideration was payable under an earnout provision contingent on the achievement of agreed milestone targets. The Audit and Risk Committee has reviewed the accounting valuations of the contingent consideration and assessed it to be nil as measured at 31 May 2014.

iii) Seed capital investments

To support product development, from time to time the Group invests in funds where an Ashmore Group entity is the investment manager. The Audit and Risk Committee reviewed and considered a report from management on the classification of investments where the Group's interests represent more than 50% of a seeded fund and the associated impact on the Group's financial reporting. Investments previously classified as 'available for sale' are now, with effect from 1 July 2013, classified as fair value through profit and loss thereby enabling the Group to further align treatment of recognition of fair value changes of seed capital and consider implementing economic hedges to manage market-related risk volatility on seed capital investments while matching the recognition and presentation of gains and losses on the hedges and the hedged investments.

iv) Share-based payments

It is the responsibility of the Remuneration Committee to address, and report upon, compensation matters including share-based payments made to Directors and employees of the Group. The Audit and Risk Committee considers these in its review of the financial statements and receives a report from the external auditor on the quantification and accounting treatment related to such payments, which are explained in note 11 of the accounts.

v) Future IFRS and UK GAAP developments

The Audit and Risk Committee has received a report from management and the auditor and discussed future accounting developments likely to affect the presentation of the Group's financial statements.

vi) Revenue rebates

During the year the Audit and Risk Committee received a management report from the external auditor regarding the processing of fee rebates and its treatment on revenue recognition. The method of accounting for revenue recognition is described more fully on page 85. The Audit and Risk Committee also received updates from management regarding the implementation of a new system to automate management fee rebate calculations. This system was a key focus for the external auditor and the Audit and Risk Committee received a management report regarding the controls surrounding the system as well as the processing of management fee rebate calculations and subsequent payments.

vii) Other accounting matters

During the year, the Audit and Risk Committee received communications from management and from the external auditor on other accounting matters. The Committee has also reviewed the adoption of the going concern basis in preparing the interim and year end consolidated accounts.

UK Corporate Governance Code

The Company early-adopted the revised version of the UK Corporate Governance Code, in FY2012/13 which applied to financial years commencing on or after 1 October 2012. For FY2013/14 the Board requested that the Audit and Risk Committee advise them on whether it believes the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

External auditor

The external auditor attends all meetings of the Audit and Risk Committee. It is the responsibility of the Committee to monitor the performance, objectivity and independence of the external auditor. The Audit and Risk Committee discusses and agrees the scope of the audit plan for the full year and the review plan for the interim statement with the auditor.

The external auditor provides reports at each committee meeting on topics such as the control environment, key accounting matters and mandatory communications. The Audit and Risk Committee also received a comprehensive presentation from the auditor demonstrating to its satisfaction how their independence and objectivity is maintained when providing non-audit services.

The Audit and Risk Committee has agreed the types of permitted and non-permitted non-audit services and those which require explicit prior approval. All contracts for non-audit services in excess of £25,000 must be notified to the Chairman of the Audit and Risk Committee and approved by him.

During the year the value of non-audit services provided by KPMG LLP amounted to £0.6 million (FY2012/13: £0.6 million). Whilst non-audit services as a proportion of audit services amount to approximately 120%, the overall quantum of non-audit services is not considered to be significant given that Ashmore operates within a highly-regulated market and that a significant proportion of the non-audit services provided relate to the following matters:

- reporting on the half year financial statements;
- providing regular mandatory assurance reports to the FCA (as the regulator of Ashmore Investment Management Limited and Ashmore Investment Advisors Limited);
- the provision of certain tax compliance services;
- reporting on internal controls in Ashmore's offices in London, Washington D.C. and Singapore as required under ISAE 3402 pursuant to investment management industry standards; and
- auditing the controls and procedures employed by the Company relating to the production of investment performance figures over one, three and five-year periods to conform to the investment management industry's Global Investment Performance Standards.

The assurance provided by the Group external auditor on the items listed above are considered by the Audit and Risk Committee to be strictly necessary in the interests of the business and, by their nature, these services could not easily be provided by another professional auditing firm.

The provision of tax advisory services, due diligence/transaction services and litigation services may be permitted with the Audit and Risk Committee's prior approval. The provision of internal audit services, valuation work and any other activity that may give rise to any possibility of self-review are not permitted under any circumstance. During the year there were no circumstances where KPMG LLP was engaged to provide services which might have led to a conflict of interests.

From time to time during the year the Non-executive Directors met with the external and internal auditors without the Executive Directors being present so as to provide a forum to raise any matters of concern in confidence.

KPMG LLP (and its prior entity KPMG Audit plc) have acted as the auditor to the Company since the IPO in October 2006 and the lead audit partner rotates every five years to assure independence. The Audit and Risk Committee recognises the new requirement in the Code that the external audit contract be put out to tender at least every ten years and therefore expects to conduct a formal tender process in 2017.

In order to assess the effectiveness of the external audit process the Audit and Risk Committee asked detailed questions of key members of management as well as considering the firm-wide audit quality inspection report issued by the FRC in May 2014 and KPMG's response to the findings inspection. Based on this review the Committee concurred with management's view that there had been appropriate focus and challenge of the primary areas of audit risk and assessed the quality of the audit to be satisfactory. Accordingly, the Audit and Risk Committee continues to be satisfied with the work of KPMG LLP and that they continue to remain objective and independent. The Committee has therefore recommended to the Board that a resolution be put to shareholders for the re-appointment of the auditor, and their remuneration and terms of engagement, at the Annual General Meeting of the Company.

Internal controls and risk management

The Group Head of Risk Management and Control attends each meeting of the Committee and provides reports to each. These reports have addressed a number of risk-related topics and have demonstrated how the output of the different Investment, Risk & Compliance and Pricing and Valuation Methodology Committees' discussions throughout the period have been effective in highlighting, tracking and contributing towards managing key market, counterparty and operational risks. In particular, in relation to operational risk, the Audit and Risk Committee has also reviewed and discussed the Group's Top Risk Matrix which continues to serve as an effective tool to highlight and monitor the principal risks of the Group and its continued evolution, and reflects changes in the business profile of the Group and the corresponding impact on internal controls and related processes.

The Audit and Risk Committee also received an annual report on, and conducted a review and evaluation of, the system of internal controls and risk management operated within the Company pursuant to the Financial Reporting Council guidance, 'Internal Controls: Revised Guidance for Directors on the Combined Code' (formerly the Turnbull Guidance), prior to review by the Board.

Internal audit

The Audit and Risk Committee moved to an internally resourced internal audit function in July 2013 replacing Ernst & Young. The Audit and Risk Committee has received regular reports on the findings of the internal auditor and on the proposed programme of reviews.

Public funds audits

The Audit and Risk Committee met with and received reports from the independent auditors of Ashmore's SICAV, US 40-Act and Guernsey public funds on the conduct of those audits and outcomes from them.

Audit and Risk Committee effectiveness

The members of the Committee conducted a review of its effectiveness and concluded that it was working effectively. In FY2011/12 an independently facilitated review of the effectiveness of the Board, its committees and the Directors was conducted in accordance with provision B.6.2 of the Code.

Nick Land
Chairman of the Audit and Risk Committee

10 September 2014

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements on the same basis.

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 Group and parent company and of their profit and loss for that period. In preparing each of the Group and parent company 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 they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. 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.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' report, Directors' remuneration report and corporate governance statement that comply with that law and those regulations.

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

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the annual report and financial statements, taken as a whole, provides the information necessary to assess the Company's performance, business model and strategy and is fair, balanced and understandable; and
- the Directors' report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Michael Benson
Chairman

10 September 2014

Directors' report

The Directors present their annual report and financial statements for the year ended 30 June 2014.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Principal activity and business review

The principal activity of the Group is the provision of investment management services. The Company is required to set out in this report a fair review of the business of the Group during the financial year ended 30 June 2014 and of the position of the Group at the end of that financial year and a description of the principal risks and uncertainties facing the Group (referred to as the business review). The information that fulfils the requirements of the business review can be found in the financial highlights on the inside front cover, the Chief Executive Officer's report on pages 4 to 15, the Business review on pages 22 to 27 and the Corporate governance report on pages 42 to 48.

The principal risks facing the business are detailed on pages 30 to 33 and in the Corporate governance report on pages 42 to 48.

Results and dividends

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 73.

The Directors recommend a final dividend of 12.00 pence per share (2013: 11.75 pence) which, together with the interim dividend of 4.45 pence per share (2013: 4.35 pence) already declared, makes a total for the year ended 30 June 2014 of 16.45 pence per share (2013: 16.10 pence). Details of the interim dividend payment are set out in note 14 to the financial statements.

Subject to approval at the Annual General Meeting, the final dividend will be paid on 5 December 2014 to shareholders on the register on 7 November 2014 (the ex-dividend date being 5 November 2014).

Related party transactions

Details of related party transactions are set out in note 29 to the financial statements.

Post-balance sheet events

As set out in note 31 to the financial statements there were no post-balance sheet events that required adjustment or disclosure herein.

Directors

The members of the Board together with biographical details are shown on page 41. All members of the Board served as Directors throughout the year.

Details of the service contracts of the current Directors are described in the Directors' remuneration policy on page 60.

Details of the constitution and powers of the Board and its committees are set out in the Corporate governance report on pages 42 to 48. The Corporate governance report also summarises the Company's rules concerning appointment and replacement of Directors.

Board diversity

The Board has noted the recommendations of the Davies Report issued in February 2011 relating to Board diversity. The Nominations Committee considers diversity, including the balance of skills, experience, gender and nationality, amongst many other factors, when reviewing the appointment of new Directors but does not consider it appropriate to establish targets or quotas in this regard. The Board currently consists of two Executive and six Non-Executive Directors of whom two are women thereby constituting 25% female representation.

The Nominations Committee from time to time engages the services of an external search consultant for the purpose of seeking new candidates for Board membership, conditional upon such consultant having no connection to the Company.

Insurance and Indemnification of Directors

Directors' and Officers' Liability Insurance is maintained by the Company for all Directors. To the extent permissible by law, the Articles of Association also permit the Company to indemnify Directors and former Directors against any liability incurred whilst serving in such capacity.

Directors' conflicts of interests

Since October 2008, the Companies Act 2006 has imposed upon directors a new statutory duty to avoid unauthorised conflicts of interest with the Company. The Company has adopted revisions to its Articles of Association which enable Directors to approve conflicts of interest and which also include other conflict of interest provisions. The Company has implemented processes to identify potential and actual conflicts of interest. Such conflicts are then considered for approval by the Board, subject, where necessary, to appropriate conditions.

Tom Shippey holds two external appointments with companies limited by guarantee having social and charitable purposes respectively. Save as aforesaid, Executive Directors do not presently hold any external appointments with any non Ashmore-related companies.

Directors' share interests

The interests of Directors in the Company's shares are shown on page 67 within the Annual report on remuneration.

Significant agreements with provisions applicable to a change in control of the Company

Save as described, there are no agreements in place applicable to a change in control of the Company.

Resolution 18 in the Notice of Annual General Meeting will seek approval from shareholders to a waiver of the provisions of Rule 9 of the Takeover Code in respect of the obligation that could arise for Mark Coombs to make a mandatory offer for the Company in the event that the Company exercises the authority to make market purchases of its own shares. Further details are contained in the separate Notice of AGM.

Substantial shareholdings

The Company has been notified of the following significant interests (over 3%) in accordance with the Financial Conduct Authority's (FCA) Disclosure and Transparency Rules (other than those of the Directors which are disclosed separately on page 67) in the Company's ordinary shares of 0.01 pence each as set out in the table below.

Substantial shareholdings (disclosed in accordance with DTR5)

	Number of voting rights disclosed as at 30 June 2014	Percentage interests[2]	Number of voting rights disclosed as at 10 September 2014	Percentage interests[3]
Jerome Paul Booth	48,355,024	6.83	42,191,696	5.96
Carey Pensions and Benefits Limited as Trustees of the Ashmore 2004 Employee Benefit Trust[1]	35,824,935	5.06	35,824,935	5.06
Schroders plc	35,641,098	5.04	35,390,026	5.00

In addition to the interests in the Company's ordinary shares referred to above, each Director and senior manager who is an employee of the Group has an interest in the Company's ordinary shares held by Carey Pensions and Benefits Limited under the terms of the Ashmore 2004 Employee Benefit Trust (EBT). The voting rights disclosed for the EBT in this table reflect the most recent notification to the Company made in accordance with DTR5. The actual number of shares held by the EBT at 30 June 2014 is disclosed in note 24 on page 108 of the accounts.

The shareholding of Mr Mark Coombs, a Director and substantial shareholder, is disclosed separately on page 67.

Percentage interests are based upon 707,372,473 shares in issue (which excludes 5,368,331 shares held in Treasury) (2013: 707,372,473 shares in issue which excluded 5,368,331 in Treasury).

Share capital

The Company has a single class of share capital which is divided into ordinary shares of 0.01 pence, each of which rank pari passu in respect of participation and voting rights. The shares are in registered form. The issued share capital of the Company at 30 June 2014 is 712,740,804 shares in issue (of which 5,368,331 shares are held in Treasury).

Details of the structure of and changes in share capital are set out in note 23 to the financial statements.

Restrictions on voting rights

A member shall not be entitled to vote at any general meeting or class meeting in respect of any share held by him if any call or other sum then payable by him in respect of that share remains unpaid or if a member has been served with a restriction notice (as defined in the Articles) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Acts. Votes may be exercised in person or by proxy. The Articles currently provide a deadline for submission of proxy forms of 48 hours before the meeting.

Purchase of own shares

In the year under review the Company did not purchase any of its own shares for Treasury. The Company is, until the date of the next Annual General Meeting, generally and unconditionally authorised to buy back up to 70,606,510 of its own issued shares. The Company retains a total of 5,368,331 shares for Treasury which were acquired at an average price of 129 pence per share. The Company is seeking a renewal of the share buyback authority at the 2014 Annual General Meeting but at a reduced level amounting to 35,368,623 shares.

Power to issue and allot shares

The Directors are generally and unconditionally authorised to allot unissued shares in the Company up to a maximum nominal amount of £23,579.08 (and £47,158.16 in connection with an offer by way of a rights issue).

A further authority has been granted to the Directors to allot the Company's shares for cash, up to a maximum nominal amount of £3,556.58,without regard to the pre-emption provisions of the Companies Acts. No such shares have been issued or allotted under these authorities, nor is there any current intention to do so, other than to satisfy outstanding obligations under the employee share schemes where necessary.

These authorities are valid until the date of the next Annual General Meeting. A resolution for the renewal of such authorities will be proposed at the 2014 Annual General Meeting.

Employees

Details of the Company's employment practices (including the employment of disabled persons) can be found in the CSR Report on pages 36 to 40.

Carey Pensions and Benefits Limited as trustee of the Ashmore 2004 Employee Benefit Trust has discretion as to the exercise of voting rights over shares which it holds in respect of unallocated shares, namely those shares in which no employee beneficial interests exist.

Corporate governance

The Company is governed according to the applicable provisions of company law and by the Company's Articles. As a listed company, the Company must also comply with the Listing Rules and the Disclosure and Transparency Rules issued by the United Kingdom Listing Authority (UKLA). Listed companies are expected to comply as far as possible with the Financial Reporting Council's UK Corporate Governance Code, and to state how its principles have been applied. A report on corporate governance and compliance with the provisions of the Code is set out on pages 42 to 48.

Mandatory Greenhouse Gas emissions reporting

As of 1 October 2013 all companies listed on the Main Market of the London Stock Exchange are required to report their Scope 1 and 2 Greenhouse Gas emissions (GHGs) in their annual report. Although the first reporting year for which it must do this is for the financial reporting period ending on 30 June 2014, Ashmore provided a summary of this information in last year's Corporate social responsibility section of the annual report.

Operational control methodology

Ashmore has adopted the operational control method of reporting which includes those entities over which Ashmore has operational control. The emissions reported below are for the 12 offices around the world where Ashmore exercised direct operational control throughout the year. These office emissions are those which are considered material to Ashmore.

Emission scopes

Mandatory GHG reporting requires emissions associated with Scope 1 (direct emissions) and Scope 2 (indirect emissions from purchased electricity, heating and cooling) to be reported[1]. It is not obligatory to report Scope 3 (indirect emissions from the inputs and outputs to the main business activity – i.e. supply chain and consumer/end user-related emissions). However, for completeness, Ashmore will continue to report on some Scope 3 emissions in order to offer a wider picture to stakeholders and investors.

Exclusions

Whilst every effort has been made to collect full and consistent data from all international offices, in some cases information was not available. The following approaches were therefore taken to account for this:

- For Ashmore Group's China, Hong Kong and New York offices, no FY2013/14 data was available for collection. In these instances, the FY2012/13 data (and relevant estimated data) was used instead.
- For the Group's India office, refrigerant top-up data was provided for the entire building complex, in which Ashmore Group occupies approximately one-eighth of one of the 60 floors. A scaling factor was applied to estimate refrigerant leakage attributable to Ashmore Group's Indian operations.
- Where possible, missing electricity data was either extrapolated, where less than 12 months' data was available or, where no country data was available, 2013 data was used instead.
- Missing water data was estimated using a per-head average consumption figure, calculated from the offices which did provide data.
- Waste data was estimated for Brazil and Washington based on scaling data gathered for the entire buildings, of which Ashmore Group occupies a portion. For Brazil, 2013 data was used as no current waste data was available. UK office waste data was extrapolated, as less than 12 months' waste data was available. Where offices were not able to provide any data for their buildings it was not deemed appropriate to estimate their waste data, due to the uncertainties surrounding the varying nature of building sizes, modes of working and cities' waste disposal infrastructure amongst other factors.

Methodology

All data has been collected and analysed in line with the GHG Protocol Corporate Accounting and Reporting Standard[2]. Defra's UK and international 2014 emission factors[3] have been applied[4].

Ashmore Group's emissions

Air travel accounts for the greatest amount of overall emissions (2,133 tonnes CO_2e, 79%). Nearly 19% of Ashmore Group's emissions come from purchased electricity across the business (512 tonnes CO_2e). Waste (based on the data available) accounts for the lowest level of emissions.

Ashmore's Emissions by Scope

Scope	Source	Tonnes CO_2e 2012/13	Absolute totals Tonnes CO_2e (2012/13)	Tonnes CO_2e 2013/14	Absolute totals Tonnes CO_2e (2013/14)
Scope 1	Natural gas	46.9	53.1	54.1	55.5
Scope 1	Refrigerants	6.2		1.4	
Scope 2	Electricity	542.5	542.5	512.0	512.0
Scope 3	Air travel	2,098.8		2,132.5	
Scope 3	Water	5.3	2,105.0	5.6	2,139.2
Scope 3	Waste	0.9		1.2	
Total			**2,700.7**		**2,706.7**

1. Scope 1 emissions relate to gas combustion and refrigerant usage.
   Scope 2 emissions relate to purchased electricity.
   Scope 3 emissions relate to water usage, air travel and office waste.
2. http://www.ghgprotocol.org/
3. All emissions factors have been selected from the emissions conversion factors published annually by Defra. https://www.gov.uk/measuring-and-reporting-environmental-impacts-guidance-for-businesses
4. The data inputs and outputs have been independently reviewed by Ricardo-AEA Ltd.
5. FTE 2012/13 = 276 employees; FTE 2013/14 = 283 employees.

Emissions per full-time employee

	Tonnes CO_2e/ employee (2012/13)	Tonnes CO_2e/ employee (2013/14)
Scope 1	0.2	0.2
Scope 2	2.0	1.8
Scope 3	7.6	7.6
Total	**9.8**	**9.6**

Emissions have also been calculated using an 'intensity metric', which enables Ashmore to monitor how well it is controlling emissions on an annual basis, independent of fluctuations in the levels of its activity. As Ashmore is a 'people' business, the most suitable metric is 'emissions per full-time equivalent (FTE) employee'. Ashmore's emissions per person are shown in the table above. Based on available data, tonnes of CO_2e emissions per employee have fallen slightly since FY2012/13[5].

Charitable and political contributions

During the year, the Group made charitable donations of £0.1 million (FY2012/2013: £0.1 million). The work of the Ashmore Foundation is described in the corporate social responsibility section of this report on page 38. It is the Group's policy not to make contributions for political purposes.

Creditor payment policy

The Group's policy and practice in the UK is to follow its suppliers' terms of payment and to make payment in accordance with those terms subject to receipt of satisfactory invoicing. Unless otherwise agreed, payments to creditors are made within 30 days of receipt of an invoice. At 30 June 2014, the amount owed to the Group's trade creditors in the UK represented approximately 21 days' average purchases from suppliers (FY2012/13: 26 days).

Auditors and the disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each 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 Directors to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Resolutions will be proposed at the Annual General Meeting to reappoint KPMG LLP as auditor and to authorise the Directors to agree their remuneration. Note 11 to the financial statements sets out details of the auditor's remuneration.

2014 Annual General Meeting

The 2014 Annual General Meeting of the Company will be held at 12.00 noon on Thursday 30 October 2014 at Kingsway Hall Hotel, 66 Great Queen Street, London WC2B 5BX. Details of the resolutions to be proposed at the Annual General Meeting are given in the separate circular and notice of meeting.

Going concern

The Company and Group have considerable financial resources and the Directors believe that both are well placed to manage their business risks successfully. Further information regarding the Group's business activities, together with the factors likely to affect its future development, performance and position is set out on pages 18 to 33.

After making enquiries, the Directors are satisfied that the Company and the Group have adequate resources to continue to operate for the foreseeable future and confirm that the Company and the Group are going concerns. For this reason they continue to adopt the going concern basis in preparing these financial statements.

Companies Act 2006

This Directors' report on pages 52 to 55 inclusive has been drawn up and presented in accordance with and in reliance on English company law and the liabilities of the Directors in connection with that report shall be subject to the limitations and restrictions provided by such law.

References in this Directors' report to the financial highlights, the Business review, the Corporate governance report and the Remuneration report are deemed to be included by reference in this Directors' report.

Approved by the Board and signed on its behalf by:

Michael Perman
Company Secretary

10 September 2014

Remuneration report

Remuneration Committee Chairman's summary statement

I am pleased to take on responsibility for the Remuneration Committee at Ashmore as the Company's remuneration structure, which has remained unchanged since the Company first listed, is designed to align all employees with the long-term success of the business.

As shareholders will be aware, Ashmore has a 30 June year end, and as a result 2014 is the first year in which the Company is required to comply with the new regulations governing disclosure of Directors' remuneration. The Remuneration Committee chose to present last year's report in accordance with the disclosure requirements under the new regulations, and so there are minimal changes to the structure of the report for this period. In 2014, the Directors' Remuneration Policy (DRP) will be subject to a binding vote for the first time and the Annual Report on Remuneration (ARR) will be subject to an advisory vote. The Remuneration Policy will formally become effective from the date of the AGM, 30 October 2014.

Ashmore's successful team-based approach to investment management is well supported by its Remuneration Policy; Executive Directors, members of the investment team, and indeed all other employees, participate in a single capped incentive pool and employees are long-term shareholders in the business. Ashmore's Remuneration Policy has always been closely aligned to the long-term interests of both clients and shareholders. The policy includes:

- A capped basic salary, at £100,000 for Executive Directors, to contain the fixed cost base;
- A cap on the total variable compensation available for all employees as a percentage of profits, which has yet to be fully utilised; and,
- A deferral for five years of a substantial portion of variable compensation into Company shares (or equivalent), which, in the case of Executive Directors is also subject to additional performance conditions measured over five years.

As described in detail in other sections of the annual report, AuM declined by 3% as a result of net outflows of US$7.5 billion and positive investment performance of US$5.1 billion. Investment performance remains strong with 81% and 92% of AuM outperforming benchmarks over three years and five years, respectively.

While the Group's operating performance was sound, profit before tax declined by 34% to £170.3 million. This is principally the result of adverse foreign exchange translation effects given Sterling's 12% appreciation against the US dollar, and lower performance fees following market weakness at the end of the prior year and volatility during the current year.

This performance is reflected in the variable compensation received by employees, including the Executive Directors, for the year under review, with variable compensation as a percentage of earnings before variable compensation, interest and tax (VC/EBVCIT) being 20% (FY 2012/13: 20%).

- Annual bonuses for Executive Directors were substantially reduced relative to the prior year.
- On 25 November 2013, it was announced that Tom Shippey had been promoted to the role of Group Finance Director having previously served as the Head of Corporate Development since 2007. His remuneration package as an Executive Director is in line with the proposed Directors' Remuneration Policy.

As in previous years, both Executive Directors are paid at the cap which remains at £100,000.

The Directors' Remuneration Policy for the forthcoming period is set out in the first section of the report.

The Remuneration Committee would welcome your support for the Directors' Remuneration Policy and the Remuneration report.

Yours sincerely

Simon Fraser
Chairman of the Remuneration Committee

Directors’ remuneration policy

This section of the Remuneration report has been prepared in accordance with Part 4 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. It sets out the Remuneration Policy for the Company. The Policy has been developed taking into account the principles of the UK Corporate Governance Code 2012 and shareholders’ executive remuneration guidelines. The Policy is subject to a binding shareholder vote for the first time in 2014.

Policy overview

The Remuneration Committee determines and agrees with the Board, the Company’s policy on the remuneration of the Board Chairman, Executive Directors and other members of executive management including employees designated as Code Staff under the FCA's Remuneration Code. The Remuneration Committee’s terms of reference are available on the Company’s website.

In determining the Remuneration Policy, the Remuneration Committee takes into account the following:

- the need to encourage and promote the long-term success of the Company;
- the need to attract, retain and motivate talented Executive Directors and senior management;
- consistency with the remuneration principles applied to Ashmore employees as a whole;
- external comparisons to examine current market trends and practices and equivalent roles in similar companies taking into account their size, business complexity, international scope and relative performance; and
- the requirements of the Remuneration Code of the UK financial services regulator.

How the views of shareholders are taken into account

The Remuneration Committee regularly compares the Company’s Remuneration Policy with shareholder guidelines, and takes account of the results of shareholder votes on remuneration.

If material changes to the Remuneration Policy are contemplated, the Remuneration Committee chairman consults with major shareholders about these in advance.

Details of votes cast for and against the resolution to approve last year’s Remuneration Report are provided in the Annual Report on Remuneration section of this report.

Considerations elsewhere in the company

The Company applies a consistent remuneration philosophy for employees at all levels.

The cap on base salary means that Executive Directors’ base salaries are set at the same level as other senior investment and professional employees in the Company, and the base salary range from lowest to highest in the Company is considerably narrower than the market norm.

All employees are eligible for a performance-related annual bonus, and the principle of bonus deferral into Company shares or equivalent applies to annual bonuses for all employees who have at least one full year’s service. Rates of pension contribution and fringe benefit provisions are consistent between executives and other employees within each country where the Company operates.

The Company does not operate formal employee consultation on remuneration. However, employees are able to provide direct feedback on the Company’s Remuneration Policy to their line managers or the Human Resources department. The Remuneration Committee monitors the effectiveness of the Company’s Remuneration Policy in recruiting, retaining, engaging and motivating employees, and receives reports from the Chief Executive Officer on how the Company’s remuneration policies are viewed by employees and whether they are meeting business needs.

The Remuneration Committee does not seek to apply fixed ratios between the total remuneration levels of different roles in the Company, as this would prevent it from recruiting and retaining the necessary talent in a highly-competitive employment market. However, the base salary multiple between highest and lowest paid UK-based employee in the Company is less than 4x (pre-tax).

Policy table

The table overleaf summarises the key aspects of the Company’s Remuneration Policy for Executive Directors which will be formally effective from 30 October 2014.

Figure 1
Remuneration Policy (the Policy) for Executive Directors

BASE SALARY (Fixed pay)

PURPOSE AND LINK TO SHORT AND LONG-TERM STRATEGY

Provides a level of fixed remuneration sufficient to permit a zero bonus payment should that be appropriate. The cap on base salary helps to contain fixed costs.

OPERATION, PERFORMANCE MEASURES AND PERIODS, DEFERRAL AND CLAWBACK

Base salaries are capped.

MAXIMUM OPPORTUNITY

The current cap is £100,000.

The cap is reviewed periodically; the Policy permits the cap to be changed if this is deemed necessary to meet business, legislative or regulatory requirements.

FRINGE BENEFITS (Fixed pay)

PURPOSE AND LINK TO SHORT AND LONG-TERM STRATEGY

Provide cost-effective benefits, to support the wellbeing of employees.

OPERATION, PERFORMANCE MEASURES AND PERIODS, DEFERRAL AND CLAWBACK

The Company currently provides fringe benefits such as medical insurance and life insurance. In the event of relocation of an executive, the Company could consider appropriate relocation assistance. Specific benefits provision may be subject to minor change from time to time, within the Policy.

MAXIMUM OPPORTUNITY

Fringe benefits are not subject to a specific cap, but represent only a small percentage of total remuneration.

PENSION (Fixed pay)

PURPOSE AND LINK TO SHORT AND LONG-TERM STRATEGY

Provides a basic level of Company contribution, which employees can supplement with their contributions.

OPERATION, PERFORMANCE MEASURES AND PERIODS, DEFERRAL AND CLAWBACK

Company contributions are made, normally on a defined contribution basis, either to a pension plan or in the form of an equivalent cash allowance.

MAXIMUM OPPORTUNITY

The current level of Company contribution is 7% of base salary. The contribution level is reviewed periodically; the Policy permits the contribution rate to be amended if necessary to reflect trends in market practice.

VARIABLE COMPENSATION (Discretionary)

PURPOSE AND LINK TO SHORT AND LONG-TERM STRATEGY

Rewards performance and aligns executives closely with other shareholders.

OPERATION, PERFORMANCE MEASURES AND PERIODS, DEFERRAL AND CLAWBACK

Executive Directors are considered each year for a discretionary variable pay award depending on personal and Company performance, by applying a range of performance indicators such as growth in AuM, investment performance, profits, and strategic and operational achievements. The variable pay award comprises a cash bonus (part of which may be voluntarily deferred) and a long-term incentive in the form of both a Restricted Share award and a Matching Share award on any voluntarily deferred cash bonus.

1. Cash bonus (60% of total award).
The executive may voluntarily commute up to half of the cash bonus in return for the same value in a Bonus Shares award (or Phantom equivalent) deferred for five years. The deferred Shares are eligible for Matching Shares (or Phantom equivalent) vesting after five years subject to conditions (see 3. opposite).

Long-term incentives under The Company Executive Omnibus Incentive Plan – (Omnibus Plan):

2. Restricted Shares award (40% of total award).

This is compulsorily deferred into Company Shares (or Phantom equivalent) for a period of five years and does not qualify for Matching. Half of this deferred portion is subject to additional performance conditions on vesting. The Policy permits the Committee to set suitable performance conditions for each award.

The performance condition for the most recent award was relative total shareholder return (TSR) measured against an asset management peer group, measured over five years. None of the awards vest below median TSR; 25% of the award vests at median; 100% vests at upper quartile (straight-line proportionate vesting between median and upper quartile).

3. Matching Shares awarded on the voluntarily commuted cash bonus (from 1. above).

Matching is provided on the voluntarily commuted cash bonus, subject to the same performance condition on half of the Matching award as that described in 2. above. The maximum match used to date on any award made under the current policy was one-for-one; the policy permits the matching level to be changed for future awards but not to exceed three-for-one.

Dividends or dividend equivalents on deferred Bonus Share (or Phantom equivalent) awards and on the portion of Restricted Share and Matching Share awards that are not subject to a performance condition vesting after five years will be paid out in line with the Company's dividend payment schedule. Dividends or dividend equivalents on the portion of Restricted and Matching Share (or Phantom equivalent) awards which are subject to a performance condition will be accrued and paid out at the time the award vests and to the extent of vesting. For any awards made to a Director prior to their appointment as a Director, the dividend or dividend equivalent payments are made on share awards in full, under previous commitments made to participants.

In addition to the TSR condition described above, 'claw-back' can be applied to the long-term incentive components during the five-year deferral period, if performance has been materially misstated or there is gross misconduct.

The Remuneration Policy permits the award of deferred remuneration in alternative forms such as share options, although none have been granted in recent years, and to vary the percentage split of award between cash and share awards to meet business, legislative or regulatory requirements.

MAXIMUM OPPORTUNITY

The aggregate variable compensation pool for all employees, including executives, is capped, currently at 25% of earnings before variable compensation, interest and tax (EBVCIT). The policy permits the Remuneration Committee to vary this cap if necessary to meet business needs.

The policy is to cap the aggregate cap on variable compensation rather than to cap individual variable compensation awards, as the capping of individuals is not market practice for most of the Company's peer group.

The high proportion of variable compensation deferral, with vesting after five years and subject in part to ongoing performance conditions, encourages a prudent approach to risk management, in support of the Company's risk and compliance controls.

Differences in Remuneration Policy for Executive Directors compared to other employees

The Remuneration Policy for the Executive Directors is generally consistent with that for employees across the Company as a whole. However, there are some differences which the Remuneration Committee believes are necessary to reflect the different responsibilities of employees across the Company. Below Executive Director level, whilst the same five-year deferral policy applies, share awards are not subject to an additional performance condition.

External Non-executive Director positions

Executive Directors are permitted to serve as Non-executive Directors of other companies where there is no competition with the Company's business activities and where these duties do not interfere with the individual's ability to perform his duties for the Company. Tom Shippey holds two external appointments with companies limited by guarantee having social and charitable purposes respectively. Save as aforesaid Executive Directors do not presently hold any external appointments with any non Ashmore-related companies.

Where an outside appointment is accepted in furtherance of the Company's business, any fees received are remitted to the Company. If the appointment is not connected to the Company's business, the Executive Director is entitled to retain any fees received.

Approach to remuneration for new Executive Director appointments

The remuneration package for an externally recruited new Executive Director would be set in accordance with the terms and maximum levels of the Company's approved Remuneration Policy in force at the time of appointment.

In addition, the Remuneration Committee may offer additional cash and/or share-based elements to take account of any remuneration relinquished when leaving the former employer when it considers these to be in the best interests of the Company (and therefore shareholders). In considering any such payments the Committee would take account of the nature, vesting dates and any performance requirements attached to the relinquished remuneration. For an internal appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms, adjusted if necessary to take into account the appointment.

For external and internal appointments, the Company may meet certain relocation expenses as appropriate.

Service contracts and loss of office payment policy

Service contracts normally continue until the Executive Director's agreed retirement date or such other date as the parties agree. The service contracts contain provisions for early termination. Notice periods are limited to 12 months by either party. Service agreements contain no contractual entitlement to receive variable pay; participation in these arrangements is at the Remuneration Committee's discretion. The Executive Directors' service contracts are available for inspection at the Company's registered office during normal business hours.

If the employing company terminates the employment of an Executive Director without giving the period of notice required under the contract, the Executive Director would be entitled to claim recompense for up to one year's remuneration subject to consideration of the obligation to mitigate the loss. Such recompense is expected to be limited to: base salary due for any unexpired notice period; any amount assessed by the Remuneration Committee as representing the value of other contractual benefits, and pension which would have been received during the period. In the event of a change of control of the Company there is no enhancement to these terms.

In summary, the contractual provisions are as follows:

Provision	Detailed terms
Notice period	12 months
Termination payment in the event of termination by the Company without due notice	Base salary plus value of benefits (including pension) paid monthly and subject to mitigation
Change of control	Same terms as above on termination

Any outstanding share-based entitlements granted to an Executive Director under the Company's share plans will be determined based on the relevant plan rules. The default treatment is that any outstanding awards lapse on cessation of employment. However, in certain prescribed circumstances, such as death, disability, retirement or other circumstances at the discretion of the Remuneration Committee (taking into account the individual's performance and the reasons for their departure) 'good leaver' status can be applied.

An Executive Director's service contract may be terminated without notice and without any further payment or compensation, except for sums accrued up to the date of termination, on the occurrence of certain events such as gross misconduct.

Incentive plan discretions

The Remuneration Committee will operate the current share plans in accordance with their respective rules and the policy set out above, and in accordance with the Listing Rules and relevant legislation or regulation. As is consistent with market practice, the Remuneration Committee retains discretion over a number of areas relating to operating and administrating these plans. These include (but are not limited to) the following:

- Who participates in the plans;
- The timing of the grant of an award and/or payment;
- The size of an award and/or a payment within the plan limits approved by shareholders;
- The choice of (and adjustment of) performance measures and targets in accordance with the policy set out above and the rules of each plan (including the treatment of delisted companies for the purpose of the TSR Comparator Group);
- Discretion relating to the measurement of performance in the event of a change of control or reconstruction;
- Determination of a good leaver (in addition to any specified categories) for incentive plan purposes, based on the rules of each plan and the appropriate treatment under the plan rules; and
- Adjustments required in certain circumstances (e.g. rights issues, corporate restructuring, special dividends and on a change of control).

Any use of the above discretions would, where relevant, be explained in the Annual Report on Remuneration. As appropriate, it might also be the subject of consultation with the Company's major shareholders.

Legacy arrangements

For the avoidance of doubt, this Policy includes authority for the Company to honour any commitments entered into with current or former Directors that have been disclosed to shareholders in previous Remuneration Reports. Details of any payments to former Directors will be set out in the Annual Report on Remuneration as they arise.

Reward scenarios

The Company's Policy results in the majority of the remuneration received by the Executive Directors being dependent on Company performance.

As noted earlier, the policy is not to cap individual awards, but rather the aggregate pool. As such it is not possible to demonstrate minimum, target and maximum remuneration levels. In lieu of this, the minimum (fixed) remuneration is illustrated in Figure 2, which provides an indication of the potential range of total remuneration using the highest and lowest variable pay awards in a rolling five-year period and assuming full vesting, five years later, of the long-term incentive components based on upper quartile TSR.

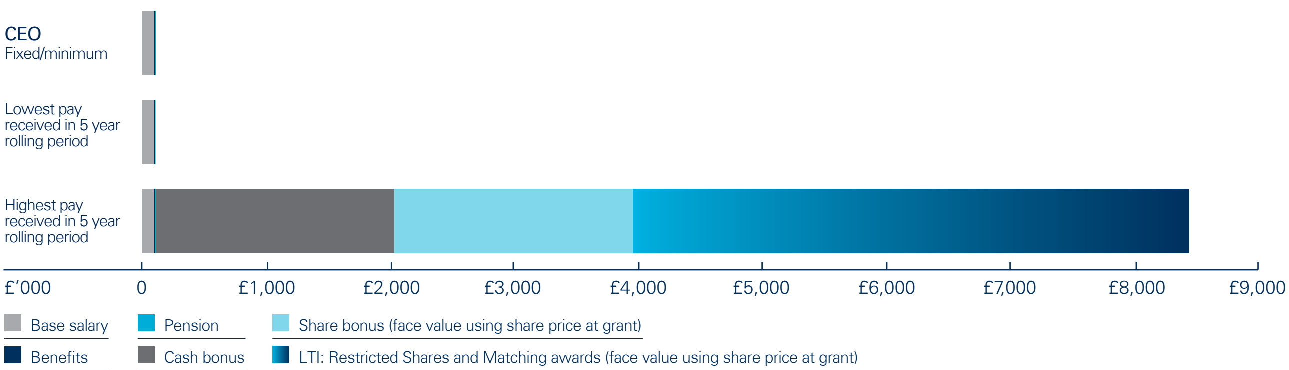
Non-executive Directors are engaged under letters of appointment and do not have contracts of service. They are appointed for an initial three-year period, subject to annual shareholder re-election. Their continued engagement is subject to the requirements of the Company's Articles relating to the retirement of Directors by rotation. The letters of appointment are available for inspection at the Company's registered office during normal business hours.

Compliance with the Remuneration Code

The Remuneration Committee regularly reviews its Remuneration Policy's compliance with the principles of the Remuneration Code of the UK financial services regulator, as applicable to Ashmore. The Remuneration Policy is designed to be consistent with the prudent management of risk, and the sustained, long-term performance of the Company.

Figure 2

Executive director total remuneration at different levels of performance (£'000)



Notes: No prior year comparison data is shown for the Group Finance Director as he was appointed during the period under review.

Figure 3

Fees policy for the Board Chairman and other Non-executive Directors

Element	Purpose and link to strategy	Operation	Maximum
Board Chairman fee	To pay an all-inclusive basic fee that takes account of the role and responsibilities	The Board Chairman is paid a single fee for all his responsibilities. The level of the fee is reviewed periodically by the Committee, with reference to market levels in comparably sized FTSE companies, and a recommendation is then made to the Board (without the Chairman being present)	The overall fees payable to Non-executive Directors will remain within the limit stated in the Articles of Association, currently £750,000 The current level of fees is disclosed in the Annual Report on Remuneration
Non-executive Director fees	To pay an all-inclusive basic fee that takes account of the role and responsibilities	The Non-executives are paid a single inclusive basic fee. There are no supplements for Committee Chairmanships or memberships. The fee levels are reviewed periodically by the Chairman and Executive Directors	The overall fees payable to Non-executive Directors will remain within the limit stated in the Articles of Association, currently £750,000 The current level of fees is disclosed in the Annual Report on Remuneration

This part of the report has been prepared in accordance with Part 3 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and 9.8.6R of the Listing Rules.

Figure 4

Remuneration for the year ending 30 June 2014 – *audited information*

The table below sets out the remuneration received by the Directors in the year ending 30 June 2014.

	Salary and fees		Taxable benefits[1]		Pensions	
	2014	2013	**2014**	2013	**2014**	2013
Executive Directors						
Mark Coombs[3, 4, 5, 6]	**100,000**	100,000	**2,634**	2,698	**7,000**	7,000
Tom Shippey[4, 6, 8]	**58,333**	–	**1,537**	–	**4,083**	–
Graeme Dell[4, 6, 7]	**41,667**	100,000	**1,098**	2,698	**2,917**	7,000
Non-executive Directors						
Hon. Michael Benson	**150,000**	150,000	**–**	–	**–**	–
Nick Land	**86,667**	60,000	**–**	–	**–**	–
Melda Donnelly	**60,000**	60,000	**–**	–	**–**	–
Simon Fraser	**60,000**	60,000	**–**	–	**–**	–
Charles Outhwaite	**60,000**	21,846	**–**	–	**–**	–
Dame Anne Pringle DCMG	**60,000**	21,846	**–**	–	**–**	–

1. Benefits for Executive Directors include membership of the Company medical scheme.
2. Long-term incentives vesting relates to awards with performance conditions where the performance period has ended in the relevant financial year and payments of dividends or dividend equivalents on such awards.
3. In respect of the year ended 30 June 2013, Mark Coombs chose to waive 10% of any element of his potential variable remuneration award in return for the Remuneration Committee considering and approving a contribution to charity or charities nominated by himself. The 'Cash bonus', 'Voluntarily deferred share bonus' and 'Total bonus' figures are shown excluding the amount waived.
4. Mark Coombs', Graeme Dell's and Tom Shippey's variable compensation is made up of 60% cash bonus and 40% deferred Restricted Share or Restricted Phantom Share awards. They may commute up to 50% of their cash bonus in favour of an equivalent amount of Bonus Share or Phantom Bonus Share awards and an equivalent value in Matching Share or Phantom Matching Share awards. All Share or Phantom Share awards will be reported in the Directors' Share and Phantom Share award tables in the year of grant. Mark Coombs and Graeme Dell both chose to commute 50% of their cash bonus in 2013 for an equivalent amount of Bonus Share awards.

Total bonus award for the year ending 30 June 2014

Chief Executive Officer (CEO) and Group Finance Director (GFD) performance measures

The decision regarding the bonus award for the year under review for the CEO was based on annual performance against financial objectives (75%) and achievement of non-financial, business development and management objectives (25%).

The bonus award for the GFD relating to the period since his appointment as a Director was based on his performance against operational objectives related to the departments he manages (45%), management of subsidiary business activities outside the UK, including joint ventures (20%), corporate development and contribution to business strategy (20%) and investor relations and communication with stakeholders (15%). The performance criteria and performance outcomes for both the CEO and the GFD, as assessed by the Committee are shown in the table opposite.

As described in detail in other sections of the annual report, Ashmore's operating performance was sound, investment performance remains strong, and AuM showed resilience in the face of tough market conditions. However, the strength of Sterling against the US dollar resulted in adverse foreign exchange translation effects, and market volatility led to lower performance fees compared with the prior year. These are the principal factors behind the 34% decline in profit before tax to £170.3 million.

For additional information, Figure 6 shows the history of financial results for the last five years.

Cash Bonus 2014	Cash Bonus 2013	Voluntarily Deferred share bonus 2014	Voluntarily Deferred share bonus 2013	Total Bonus 2014	Total Bonus 2013	Long-term Incentives Vesting[2] 2014	Long-term Incentives Vesting[2] 2013	Total for year ending 30 June 2014	Total for year ending 30 June 2013
–	1,215,000	**–**	1,215,000	**–**	1,215,000	**452,386**	421,668	**562,020**	2,961,366
157,500	–	**–**	–	**157,500**	–	**132,186**	–	**353,639**	–
–	210,000	**–**	210,000	**–**	210,000	**2,034,137**	212,838	**2,079,817**	742,536
–	–	**–**	–	**–**	–	**–**	–	**150,000**	150,000
–	–	**–**	–	**–**	–	**–**	–	**86,667**	60,000
–	–	**–**	–	**–**	–	**–**	–	**60,000**	60,000
–	–	**–**	–	**–**	–	**–**	–	**60,000**	60,000
–	–	**–**	–	**–**	–	**–**	–	**60,000**	21,846
–	–	**–**	–	**–**	–	**–**	–	**60,000**	21,846

5. In respect to deferred Share awards which have been waived to charity, any dividend equivalents associated with the amounts waived are paid directly to the nominated charities. The figures shown exclude the amounts waived.
6. Dividend equivalents were paid relating to voluntarily deferred Share or Phantom Share awards in the period.
7. Graeme Dell stepped down from the Board on 25 November 2013 and left employment with the Group on 30 April 2014. Figures shown in Figure 4 relate to the period of time Graeme Dell served as a Director.
8. Tom Shippey was appointed as Group Finance Director on 25 November 2013. Figures shown above relate to the period since his appointment.

Figure 5

CEO and GFD performance measures[1]

Executive Director	KPI	Areas considered within KPI	Weighting	Committee Assessment
CEO	Business financial performance	To achieve higher than budgeted EBIT (minus performance fees), to achieve higher than budgeted growth in AuM and to effectively manage investment performance to deliver consistent growth relative to each unblended investment theme	75%	All targets below budget
CEO	Non-financial management performance	Strategy development and implementation, recruitment, staff turnover and succession planning and regulatory and compliance adherence	25%	Most targets met
GFD	Management of departments	Department performance assessed for Finance, Corporate Development, Investor Relations, Company Secretarial and Facilities	45%	Good performance
GFD	Management of subsidiary business activities outside the UK, including joint ventures	Local asset management business growth and development of profitability and scale, integration of offices and effectiveness of joint venture relationships	20%	Satisfactory performance
GFD	Corporate development and contribution to business strategy	Contribution to the development and implementation of strategic goals and increasing value for shareholders	20%	Satisfactory performance
GFD	Investor relations and communication	Broadening the shareholder base and communicating effectively with external parties, the Board and all other relevant stakeholders	15%	Good performance

1. Detailed targets and achievement against these are not included due to commercial sensitivities.

Figure 6
Five-year summary of financial results

	2014	2013	2012	2011	2010
AuM US$bn (at period end)	**75.0**	77.4	63.7	65.8	35.3
Operating profit	**169.7**	232.0	225.1	239.4	209.3

Figure 7
Long-term incentive awards made during the year ended 30 June 2014 – audited information

Name	Type of award	No. of shares	Date of award	Share price on date of award (£)	Face Value (£)	Face Value (% of salary)	Performance period end date
Mark Coombs[1]	Restricted shares	422,536	17 September 2013	£3.8340	£1,620,003	1,620%	16 September 2018
Mark Coombs[1]	Matching shares	316,902	17 September 2013	£3.8340	£1,215,002	1,215%	16 September 2018
Graeme Dell	Restricted shares	73,031	17 September 2013	£3.8340	£280,001	280%	16 September 2018
Graeme Dell	Matching shares	54,744	17 September 2013	£3.8340	£210,004	210%	16 September 2018

1. In respect of the year ended 30 June 2013, Mark Coombs chose to waive 10% of any element of his potential variable remuneration award in return for the Remuneration Committee considering and approving a contribution to charity or charities nominated by himself. The 'No. of shares' and 'Face Value' figures are shown excluding the amount waived.

Long-term incentive scheme interests awarded during the year ended 30 June 2014

Figure 7 provides details of the long-term incentive awards that were made during the year. These represent the mandatory deferral of 40% of the Executive Directors' bonus award for the year ended 30 June 2013 into Restricted Shares, and the Matching Award on the voluntarily commuted portion of cash bonus in respect of year ended 30 June 2013.

Both the Restricted and Matching Share awards vest on the fifth anniversary of the award date, to the extent that the TSR performance condition is met. TSR is measured relative to an asset management peer group. The TSR vesting scale and peer group are shown in Figures 8 and 9 respectively. TSR is a well-established and recognised performance measure, which aligns the interests of the Executive Directors with those of shareholders. A comparator group of 18 companies has been selected from the global investment management sector. The Committee reviews the peer group periodically to take account of de-listings, new listings or other sector changes that are relevant.

The performance and vesting outcome for the Group Finance Director's 2008 LTIP which vested during 2013

During the period, shares awarded to Graeme Dell in 2008 reached their vesting date. On the vesting date all Bonus Shares vested, and the TSR performance condition was applied to the vesting Restricted and Matching shares.

The Company's TSR was 105.4% which ranked Ashmore at 4.57 relative to the TSR peer group of 18 companies; the upper quartile rank which would have resulted in 100% vesting was 4.50. Therefore 98.7% of the Restricted and Matching awards vested.

Board Change

Graeme Dell stepped down from the Board on 25 November 2013, and remained in employment with the Group until 30 April 2014 in order to ensure a thorough handover of his responsibilities to Tom Shippey as the incoming Group Finance Director. Graeme commenced employment in a new role outside the Group on 1 May 2014 and as such no further notice payments were made to him as he had mitigated his losses in full.

On 30 April 2014 Graeme Dell's voluntarily deferred Bonus Shares vested in full on his departure. Graeme's outstanding Restricted and Matching Shares vested pro-rata to the date his employment with the Company ended; the TSR performance condition was then applied, measured to the same date. As the TSR condition was not met, no Restricted or Matching Shares vested.

Graeme did not receive any additional payments for loss of office or any bonus related to the year ending 30 June 2014.

Governance

Figure 8
TSR vesting scale

Performance	% of award vesting
Below median of peer group	Zero
Median	25%
Upper quartile	100% (linear interpolation between median and upper quartile)

Figure 9
TSR peer group

Company	Country of Listing
Aberdeen Asset Management	UK
Affiliated Managers	USA
AGF	Canada
Alliance Bernstein	USA
Azimut Holding	Italy
Blackrock	USA
CI Financial Income Fund	Canada
Eaton Vance	USA
Federated Investors	USA

Company	Country of Listing
Franklin Templeton	USA
Henderson Group	UK
Invesco	USA
Janus Capital	USA
Partners Group Holdings	Switzerland
Schroders	UK
SEI Investments	USA
T-Rowe Price	USA
Waddell and Reed	USA

Outstanding share awards

The table below sets out details of Executive Directors' outstanding share awards.

Figure 10
Outstanding share awards – audited information

Executive	Type of Omnibus award	Date of award	Market price on date of award	Number of shares at 30 June 2013	Granted during year	Vested during year	Lapsed during year	Number of shares at 30 June 2014	Performance period	Vesting/release date
Mark Coombs	PRS	29 October 2010	£3.1724	617,829	–	–	–	617,829	5 years	21 September 2015
	PBS	29 October 2010	£3.1724	463,371	–	–	–	463,371	5 years	21 September 2015
	PMS	29 October 2010	£3.1724	463,371	–	–	–	463,371	5 years	21 September 2015
	PRS	20 September 2011	£3.9392	649,878	–	–	–	649,878	5 years	19 September 2016
	PBS	20 September 2011	£3.9392	487,409	–	–	–	487,409	5 years	19 September 2016
	PMS	20 September 2011	£3.9392	487,409	–	–	–	487,409	5 years	19 September 2016
	PRS	18 September 2012	£3.2926	328,009	–	–	–	328,009	5 years	17 September 2017
	PBS	18 September 2012	£3.2926	246,007	–	–	–	246,007	5 years	17 September 2017
	PMS	18 September 2012	£3.2926	246,007	–	–	–	246,007	5 years	17 September 2017
	RS	17 September 2013	£3.8340	–	422,536	–	–	422,536	5 years	16 September 2018
	BS	17 September 2013	£3.8340	–	316,902	–	–	316,902	5 years	16 September 2018
	MS	17 September 2013	£3.8340	–	316,902	–	–	316,902	5 years	16 September 2018
Total				**3,989,290**	**1,056,340**	**–**	**–**	**5,045,630**		

Figure 10 continued

Outstanding share awards – audited information continued

Executive	Type of Omnibus award	Date of award	Market price on date of award	Number of shares at 30 June 2013	Granted during year	Vested during year	Lapsed during year	Number of shares at 30 June 2014	Performance period	Vesting/release date
Tom Shippey	NDRS	17 October 2008	£1.6210	135,719	–	135,719	–	0	5 years	16 October 2013
	NDBS	17 October 2008	£1.6210	101,789	–	101,789	–	0	5 years	16 October 2013
	NDMS	17 October 2008	£1.6210	101,789	–	101,789	–	0	5 years	16 October 2013
	NDRS	15 October 2009	£2.7342	58,518	–	–	–	58,518	5 years	15 October 2014
	NDBS	15 October 2009	£2.7342	43,889	–	–	–	43,889	5 years	15 October 2014
	NDMS	15 October 2009	£2.7342	43,889	–	–	–	43,889	5 years	15 October 2014
	NDRS	21 September 2010	£3.1724	78,805	–	–	–	78,805	5 years	21 September 2015
	NDBS	21 September 2010	£3.1724	59,104	–	–	–	59,104	5 years	21 September 2015
	NDMS	21 September 2010	£3.1724	59,104	–	–	–	59,104	5 years	21 September 2015
	NDRS	20 September 2011	£3.9392	215,780	–	–	–	215,780	5 years	19 September 2016
	NDRS	18 September 2012	£3.2926	78,965	–	–	–	78,965	5 years	17 September 2017
	NDBS	18 September 2012	£3.2926	59,224	–	–	–	59,224	5 years	17 September 2017
	NDMS	18 September 2012	£3.2926	59,224	–	–	–	59,224	5 years	17 September 2017
	NDRS	17 September 2013	£3.8340	–	70,423	–	–	70,423	5 years	16 September 2018
	NDBS	17 September 2013	£3.8340	–	52,817	–	–	52,817	5 years	16 September 2018
	NDMS	17 September 2013	£3.8340	–	52,817	–	–	52,817	5 years	16 September 2018
Total				**1,095,799**	**176,057**	**339,297**	**–**	**932,559**		
Graeme Dell	RS	17 October 2008	£1.6210	296,114	–	292,264	3,850	–	5 years	16 October 2013
	BS	17 October 2008	£1.6210	222,085	–	222,085	–	–	5 years	16 October 2013
	MS	17 October 2008	£1.6210	222,085	–	219,198	2,887	–	5 years	16 October 2013
	RS	15 October 2009	£2.7342	102,406	–		102,406	–	5 years	15 October 2014
	BS	15 October 2009	£2.7342	76,805	–	76,805	–	–	5 years	15 October 2014
	MS	15 October 2009	£2.7342	76,805	–	–	76,805	–	5 years	15 October 2014
	RS	21 September 2010	£3.1724	113,479	–	–	113,479	–	5 years	21 September 2015
	BS	21 September 2010	£3.1724	85,109	–	–	–	–	5 years	21 September 2015
	MS	21 September 2010	£3.1724	85,109	–	–	85,109	–	5 years	21 September 2015
	RS	20 September 2011	£3.9392	121,853	–	–	121,853	–	5 years	19 September 2016
	BS	20 September 2011	£3.9392	91,390	–	91,390	–	–	5 years	19 September 2016
	MS	20 September 2011	£3.9392	91,390	–	–	91,390	–	5 years	19 September 2016
	RS	18 September 2012	£3.2926	60,743	–	–	60,743	–	5 years	17 September 2017
	BS	18 September 2012	£3.2926	45,557	–	45,557	–	–	5 years	17 September 2017
	MS	18 September 2012	£3.2926	45,557	–	–	45,557	–	5 years	17 September 2017
	RS	17 September 2013	£3.8340	–	73,031	–	73,031	–	5 years	16 September 2018
	BS	17 September 2013	£3.8340	–	54,744	54,744	–	–	5 years	16 September 2018
	MS	17 September 2013	£3.8340	–	54,744	–	54,744	–	5 years	16 September 2018
Total				**1,736,487**	**182,579**	**1,087,182**	**831,884**	**–**		

1. In view of Mark Coombs' substantial existing shareholding, and taking account of the requirements of the Takeover Code, the Remuneration Committee elected until 2012 to make Phantom Share awards to Mark Coombs, which have the same terms as Restricted Shares and Matching Shares but are settled in cash. In respect of the years ending 30 June 2010, 30 June 2011, 30 June 2012 and 30 June 2013 Mark Coombs chose to waive 30%, 20%, 10% and 10% respectively of any element of his potential variable remuneration award in return for the Remuneration Committee considering and approving a contribution to charity or charities nominated by himself. The 'Number of shares at 30 June 2013', 'Granted during year' and 'Number of shares at 30 June 2014' figures are shown excluding the amounts waived. On the vesting/release date any shares waived to charity will vest to them to the extent that any relevant performance conditions have been satisfied.

Key

RS – Restricted shares
BS – Bonus shares
MS – Matching shares
PRS – Phantom Restricted shares
PBS – Phantom Bonus shares
PMS – Phantom Matching shares
NDRS – Restricted shares awarded whilst not a Director
NDBS – Bonus shares awarded whilst not a Director
NDMS – Matching shares awarded whilst not a Director

The Company's obligations under its employee share plans can be met by newly issued shares in the Company, or shares purchased in the market by the trustees of the EBT. As detailed in the financial statements, the EBT continues to make market purchases of shares to satisfy awards.

The overall limits on new issuance operated under the existing share plans were established on the listing of the Company in 2006. Under these agreed limits, the number of shares which may be issued in aggregate under employee share plans of the Company over any 10-year period following the date of the Company's Admission in 2006 is limited to 15% of the Company's issued share capital. As at 30 June 2014, the Company had 4% of the Company's issued share capital outstanding under employee share plans to its staff.

Defined benefit pension entitlements

None of the Directors has any entitlements under Company defined benefit pension plans.

Directors' shareholding and share interests

Details of the Directors' interests in shares are shown in the table below. Although there is no formal shareholding requirement, the Executive Directors have substantial interests in Company shares.

Figure 11

Share interests of Directors and connected persons at 30 June 2014 – audited information

	Beneficially Owned	Outstanding Restricted and Matching Share awards[1]	Outstanding voluntarily deferred Bonus Share awards	Total interest in shares
Executive Directors				
Mark Coombs[2]	288,574,200	3,531,941	1,513,689	293,619,830
Tom Shippey[3]	111,078	717,525	215,034	1,043,637
Non-executive Directors				
The Hon. Michael Benson	29,000	–	–	29,000
Nick Land	43,000	–	–	43,000
Melda Donnelly	20,000	–	–	20,000
Simon Fraser	25,000	–	–	25,000
Charles Outhwaite	40,000	–	–	40,000
Dame Anne Pringle DCMG	3,203	–	–	3,203

1. Outstanding Restricted Shares and Matching Shares are subject to performance conditions.
2. Outstanding Restricted and Matching Share awards to Mark Coombs are in the form of a combination of Shares and Phantom Shares.
3. Restricted and Matching Share awards made to Tom Shippey prior to his appointment as a Director are not subject to performance conditions.
4. Save as described above there have been no other changes in the shareholdings of the Directors between 30 June and 10 September 2014. The Directors are permitted to hold their shares as collateral for loans with the express permission of the Board. Tom Shippey and his connected persons have granted security over 111,078 Ashmore Group plc shares as part of a pre-existing credit facility.

Percentage change in the remuneration of the Chief Executive Officer

Figure 12

Comparison of percentage change in salary, benefits and annual bonus

	2013 to 2014 % change
Chief Executive base salary	0%
Relevant comparator employees' base salary	-2%
Chief Executive taxable benefits	-2%
Relevant comparator employees' average taxable benefits	-2%
Chief Executive annual bonus	-100%
Relevant comparator employees' average annual bonus	-39%

Figure 12 compares the percentage change from 2013 to 2014 in remuneration elements for the Chief Executive with the average year-on-year change across relevant comparator employees as a whole. Relevant employees are full-time employees of Ashmore Group who have been employed throughout the full performance year. Figures do not include amounts of cash waived to charity.

Performance chart

Figure 13 shows the Company's TSR performance (with dividends re-invested) against the performance of the relevant indices for the last five years. Each point at a financial year end is calculated using an average total shareholder return value over the month of June (i.e. 1 June to 30 June inclusive). As the chart indicates, £100 invested in Ashmore on 30 June 2009 was worth over £220 five years later, compared with £187 for the same investment in the FTSE 100 index.

Figure 13

Total return performance chart to 30 June 2014

Source: Thomson Reuters

Figure 14 shows the total remuneration figure for the Chief Executive Officer during each of the financial years shown in the TSR chart. The total remuneration figure includes the annual bonus and LTI awards which vested based on performance in those years. As there is no cap on the maximum individual bonus award, a percentage of maximum annual bonus is not shown.

Figure 14

Chief Executive – audited information

Year ended 30 June	Salary	Benefits	Pension[4]	Annual bonus[1,2]	Performance – related Restricted and Matching Phantom shares vested[3]	Percentage of Restricted and Matching Phantom shares vested[3]	Total
2014	£100,000	£2,634	£7,000	£0	£452,386	N/A	£562,020
2013	£100,000	£2,698	£7,000	£2,430,000	£421,668	N/A	£2,961,366
2012	£100,000	£2,832	£7,000	£1,620,000	£323,677	N/A	£2,053,509
2011	£100,000	£2,023	£7,000	£3,840,000	£145,962	N/A	£4,094,985
2010	£100,000	£1,689	£7,000	£2,940,000	£0	N/A	£3,048,689
2009	£100,000	£1,636	£7,000	£0	£0	N/A	£108,636

1. Figures do not include amounts of cash, voluntarily deferred Bonus Shares or Phantom Bonus shares or dividend equivalents waived to charity. Voluntarily deferred Bonus Shares or Phantom Bonus Shares which are waived to charity will result in a cash payment to the charity on the vesting date, of a sum equivalent to the market value of the number of waived Bonus Shares or Phantom Bonus Shares vesting on that date. During the restricted period the charity will receive any dividends or dividend equivalents associated with any waived Bonus or Phantom Bonus Shares awarded prior to 2013.
2. Mark Coombs' variable compensation is made up of 60% cash bonus and 40% deferred Restricted Share or Phantom Restricted Share awards. He may commute up to 50% of his cash bonus in favour of an equivalent amount of Bonus Share or Phantom Bonus Share awards which then attract an equivalent value in Matching Share or Phantom Matching Share awards. All awards will be reported in the Directors' share and Phantom share award tables in the year of grant. Mark Coombs received dividend equivalents related to his Phantom share awards granted for years prior to 2013.
3. No performance-related Restricted and Matching or Phantom Share equivalent awards have vested during the periods shown, the sums shown relate to dividends or dividend equivalents paid on share awards.
4. Mark Coombs receives a cash allowance of equivalent value in lieu of pension contributions.

Figure 15 shows the relative movement in profits, total staff costs and dividends to shareholders, year-on-year.

Figure 15

Relative importance of the spend on pay

Metric	**2014**	2013	2013 to 2014 % change
Remuneration paid to or receivable by all employees of the Group (i.e. accounting cost)	**64.1**	79.7	-20%
Average headcount	**290**	280	4%
Distributions to shareholders (dividends and/or share buy backs)	**112.5**	105.2	7%

Statement of implementation of Remuneration Policy in the year commencing 1 July 2014

The Remuneration Committee intends to continue to apply broadly the same metrics and weightings to annual variable remuneration as in the year ended 30 June 2014.

For long-term incentive awards (Restricted Shares, Matching Shares and their Phantom equivalents), the Remuneration Committee intends to apply the same relative TSR performance condition policy as used the previous year, subject to any changes to the peer group that may be necessary to take account of de-listings, new listings or other sector changes that are relevant.

Membership of the Remuneration Committee

The members of the Remuneration Committee are listed in the table below. All of these are independent Non-executive Directors, as defined under the Corporate Governance Code, with the exception of the Company Chairman who was independent on his appointment.

Remuneration Committee attendance

	Percentage of meetings attended out of potential maximum
Nick Land	100%
Simon Fraser	100%
The Hon. Michael Benson	100%
Dame Anne Pringle DCMG	100%
Charles Outhwaite	100%

The Company's CEO attends the meeting by invitation and assists the Remuneration Committee in its deliberations, except when his personal remuneration is discussed. No Directors are involved in deciding their own remuneration. The Company Secretary acts as Secretary to the Remuneration Committee. Other executives may be invited to attend as the Remuneration Committee requests.

External advisers

The Remuneration Committee received independent advice from New Bridge Street (NBS) consultants throughout the period from 1 July 2013 to 30 June 2014. NBS abides by the Remuneration Consultants' Code of Conduct, which requires it to provide objective and impartial advice. NBS fees for the year ending 30 June 2014 were £66,707. The Company participates in the McLagan Partners compensation survey from which relevant data is provided to the Remuneration Committee. Neither of the above provide other services to the Company.

Statement of shareholder voting

At last year's AGM, the Directors' Remuneration Report received the following votes from shareholders:

Figure 16
Shareholder voting

	2013 AGM resolution to approve the Directors' Remuneration Report for the year ended 30 June 2013	% of votes cast
Votes cast in favour	542,963,314	94.86%
Votes cast against	29,404,201	5.14%
Total votes cast	572,367,515	100.00%
Abstentions	3,001	

Approval

This Directors' Remuneration Report, including both the Directors' Remuneration Policy and the Annual Report on Remuneration have been approved by the Board of Directors.

Signed on behalf of the Board of Directors.

Simon Fraser
Chairman of the Remuneration Committee

10 September 2014

Opinions and conclusions arising from our audit

Our opinion on the financial statements is unmodified

We have audited the financial statements of Ashmore Group plc for the year ended 30 June 2014 set out on pages 73 to 114. In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 June 2014 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit were as follows:

Management fee rebates

Refer to pages 49-50 (Audit and Risk Committee report) and page 85 (accounting policy) and note 6 of the financial statements disclosures.

- The risk – individual investment management agreements include bespoke complex rebate calculations and these calculations are subject to periodic alterations which increases the risk of error in the determination of net revenue. This is one of the key areas that our audit is concentrated on because of the need to keep the data used for these calculations up to date and to ensure that the calculations are performed in accordance with the relevant agreements.
- Our response in terms of rebate rates accuracy – we evaluated controls around ensuring the fee rebate rates used are accurate and up to date. Management has a process whereby the rebate rates are maintained on a separate database that is reviewed and signed off by three teams: legal, distribution and finance. We evaluated the controls by walking through the process and for a selection of months, we assessed the operating effectiveness of the control. We also agreed a selection of the rebate rates on the database to the original investment management agreements.
- In January 2014, a new system was introduced to automate the calculation for a majority of management fee rebates.
- For calculations during the period from July 2013 to December 2013, as well as for the calculations performed outside of the new system from January 2014 to June 2014, in order to determine that the rates in the database were used in the calculation, for a selection of calculations, we agreed the rates used to the database.
- For calculations performed on the new system from January 2014 to June 2014, the rates used for calculations are input to the new system from the database and reviewed by a different member of the finance team. We tested the controls around the input of the rebate rates on the database to the new system on a sample basis over the period.
- Our response in terms of calculation complexity – for calculations during the period from July 2013 to December 2013, as well as for the calculations performed outside the new system from January 2014 to June 2014, we performed recalculations for the rebates and the input adjustments on a sample basis.
- For calculations performed on the new system from January 2014 to June 2014, we performed testing over user access and authorisation and testing of changes through inspection of approval documentation and system configurations/records. We also performed testing of the interface of the AuM database with the third-party service provider and the system generated reports through retrieving system data and records to ascertain the completeness and accuracy of the interface process and reports.
- Our findings – our testing did not identify any deviations in controls that would have required us to amend the nature or scope of our planned detailed test work. We found no significant errors in calculations.

Classification of seed capital investments

Refer to pages 49-50 (Audit and Risk Committee report), page 83 (accounting policy) and note 21 of the financial statements disclosures.

- The risk – the Group invests in funds that are managed by a Group subsidiary. If at the time of acquisition, management expect the control to be temporary, i.e. less than 12 months, the investments are classified as held-for-sale (HFS) and consolidated as HFS assets and liabilities rather than on a line-by-line basis. This is one of the key judgmental areas that our audit is concentrated on because there is a risk that management has incorrectly assessed the period of holding for the funds which the Group has control over because of the uncertainty involved in determining how long it will take to attract external investors. This could lead to an incorrect classification of HFS investments in the balance sheet and HFS gains and losses in the statement of comprehensive income.
- Our responses – we critically assessed the Directors' rationale for classifying seed capital investments as HFS. We considered their plans to reduce the Group's holdings in the 12 months following acquisition to below the consolidation threshold, against the pattern of reduction of Group's seed capital investments to the year end and against our own expectations based on our experience of Ashmore's past practice. Where, as at the year end, an HFS fund had already been held for a significant period we examined the changes in holding that occurred in the period and the Directors' specific plans to further reduce the Group's holding against the particular requirements of accounting standards.
- For all investments, we tested Ashmore's holding in absolute and percentage terms to independent third-party confirmations.

– We also assessed whether the Group's disclosures on classification of seed capital investment reflect management's plan to dilute the Group's holdings in HFS funds.

– Our findings – we found that the Group's judgments made in determining these classifications were balanced, that note 4 sufficiently discloses the basis of classification judgments and we found no significant errors in the holdings.

Intangible assets (£16.5m)

Refer to pages 49-50 (Audit and Risk Committee report), page 82 (accounting policy) and note 15 of the financial statements disclosures.

– The risk – intangible assets consist of management contracts acquired with Ashmore Equities Investment Management (US), LLC in 2011. They are reviewed for impairment using a value in use model, the outcome of which could vary significantly if different assumptions were applied. There are a number of assumptions used to determine the value in use, including the investment performance, the net subscription rate, the operating margin, the net management fee margin, the tax rate and the discount rate. The first two assumptions are the key judgmental areas that our audit is concentrated on because they are dependent on external market factors.

– Our responses – our audit procedures included comparison of the net subscription rates to the actual results in the year ended June 2014. We also compared the investment performance assumption used to the actual performance in the year ended June 2014 as well as the market based performance indices. We performed break-even analysis on the assumptions to assess the impact if the assumptions are proved to be incorrect. We also assessed the potential risk of management bias.

– We considered the adequacy of the Group's disclosures in respect of impairment testing and whether disclosures about the sensitivity of the outcome of impairment assessment to changes in key assumptions properly reflected the risks inherent in the key assumptions and the requirements of accounting standards.

– Our findings – we found the resulting estimates to be balanced and that note 15 sufficiently discloses the sensitivity.

Share-based payments (£23.2m)

Refer to pages 49-50 (Audit and Risk Committee report), page 85 (accounting policy) and note 10 of the financial statements disclosures.

– The risk – the Group issues share awards to employees under a number of share-based compensation plans. The number of shares that vest for executive Directors are subject to the relative total share return (TSR) condition over the vesting period. This is one of the key judgmental areas that our audit is concentrated on because of the judgments involved in determining the likelihood of the TSR condition being met.

– Our responses – we assessed the Directors' basis for determining the impact of market based conditions at the start of the vesting period (for both equity and cash-settled share-based schemes) and at the end of the period (applicable only to the cash-settled scheme) by reviewing reports prepared for Directors by a third party remuneration consultant.

– We assessed the competency of the third-party remuneration consultant. For the cash-settled scheme, we also evaluated those assessments in the light of the movement in the share price from the start of the relevant vesting period to the current year end and the total shareholders return of the peer group over the same period.

– We also assessed whether the disclosure in relation to the schemes is sufficient, in particular around the impact of the TSR condition on the shares vested for executive Directors.

– Our findings – we had no concerns with the competence or instruction of the third-party consultant, found the resulting estimates to be balanced and note 10 disclosures to be sufficient.

Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at £8.6m. This has been determined with reference to a benchmark of Group profit before taxation (of which it represents 5%), which we consider to be one of the principal considerations for members of the company in assessing the financial performance of the Group.

We agreed with the Audit and Risk Committee to report to it all corrected and uncorrected misstatements we identified through our audit with a value in excess of £0.4m, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Audits for Group reporting purposes were performed by the Group audit team at the key reporting components in the following countries: UK (Ashmore Investment Management Limited and Ashmore Investment (UK) Limited) and US (Ashmore Equity Investment US, LLC). These Group procedures covered 96% of total Group revenue; 94% of Group profit before taxation; and 98% of total Group assets.

The audits undertaken for Group reporting purposes at the key reporting components of the Group were all performed to materiality levels set by, or agreed with, the Group audit team. These materiality levels were set individually for each component and ranged from £0.4m to £6.5m.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

– the part of the Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and

– the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy; or
- the section of the annual report describing the work of the Group Audit and Risk Committee does not appropriately address matters communicated by us to the Audit and Risk Committee.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 55, in relation to going concern; and
- the part of the Corporate Governance Statement on pages 42 to 48 relating to the company's compliance with the nine provisions of the 2010 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope of report and responsibilities

As explained more fully in the Statement of Directors' responsibilities set out on page 51, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2013a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinion.

Gareth Horner (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
10 September 2014

www.kpmg.com/uk/auditscopeukco2013a

Consolidated statement of comprehensive income

For the year ended 30 June 2014

	Notes	2014 £m	2013 £m
Management fees		**283.1**	316.0
Performance fees		**3.1**	33.4
Other revenue		**7.9**	6.2
Total revenue		**294.1**	355.6
Distribution costs		**(4.6)**	(4.8)
Foreign exchange	7	**(26.6)**	4.7
Net revenue		**262.9**	355.5
Gains on investment securities	21	**7.0**	4.9
Change in third-party interests in consolidated funds	21	**(2.3)**	(1.2)
Personnel expenses	9	**(66.1)**	(82.3)
Other expenses	11	**(31.8)**	(44.9)
Operating profit		**169.7**	232.0
Finance income	8	**8.7**	26.6
Finance expense	8	**(6.2)**	(0.9)
Share of gains/(losses) from associates and joint ventures	28	**(1.9)**	(0.1)
Profit before tax		**170.3**	257.6
Tax expense	12	**(36.9)**	(56.0)
Profit for the year		**133.4**	201.6
Other comprehensive income, net of related tax effect			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences arising on foreign operations		**(18.7)**	2.6
Fair value reserve (available-for-sale financial assets):			
Net change in fair value		**(3.5)**	0.1
Net amount transferred to profit or loss		**(2.5)**	(1.9)
Cash flow hedge intrinsic value gains/(losses)		**2.8**	(0.4)
Other comprehensive income, net of tax		**(21.9)**	0.4
Total comprehensive income for the year		**111.5**	202.0
Profit attributable to:			
Equity holders of the parent		**130.8**	202.2
Non-controlling interests		**2.6**	(0.6)
Profit for the year		**133.4**	201.6
Total comprehensive income attributable to:			
Equity holders of the parent		**109.5**	202.2
Non-controlling interests		**2.0**	(0.2)
Total comprehensive income for the year		**111.5**	202.0
Earnings per share			
Basic	13	**19.29p**	29.98p
Diluted	13	**18.44p**	28.69p

The notes on pages 80 to 114 form an integral part of these financial statements.

Consolidated balance sheet

As at 30 June 2014

	Notes	2014 £m	2013 £m
Assets			
Non-current assets			
Goodwill and intangible assets	15	**72.2**	84.3
Property, plant and equipment	16	**3.0**	3.7
Investment in associates and joint ventures	28	**9.7**	11.8
Non-current asset investments	21	**11.7**	9.1
Other receivables		**0.2**	0.1
Deferred acquisition costs	17	**–**	0.6
Deferred tax assets	19	**21.3**	21.0
		118.1	130.6
Current assets			
Investment securities	21	**70.7**	49.7
Available-for-sale financial assets	21	**48.5**	55.6
Fair value through profit or loss investments	21	**25.3**	–
Trade and other receivables	18	**64.0**	77.3
Derivative financial instruments	22	**2.4**	–
Cash and cash equivalents		**370.6**	395.5
		581.5	578.1
Non-current assets held-for-sale	21	**39.1**	104.9
Total assets		**738.7**	813.6
Equity and liabilities			
Capital and reserves – attributable to equity holders of the parent			
Issued capital	23	**–**	–
Share premium		**15.7**	15.7
Retained earnings		**616.4**	608.0
Foreign exchange reserve		**(12.8)**	5.3
Available-for-sale fair value reserve		**(5.3)**	0.7
Cash flow hedging reserve		**1.8**	(1.0)
		615.8	628.7
Non-controlling interests		**16.4**	17.1
Total equity		**632.2**	645.8
Liabilities			
Non-current liabilities			
Deferred tax liabilities	19	**4.5**	3.0
		4.5	3.0
Current liabilities			
Current tax		**16.4**	28.9
Third-party interests in consolidated funds	21	**13.5**	12.8
Derivative financial instruments	22	**–**	2.1
Trade and other payables	26	**69.4**	94.1
		99.3	137.9
Non-current liabilities held-for-sale	21	**2.7**	26.9
Total liabilities		**106.5**	167.8
Total equity and liabilities		**738.7**	813.6

The notes on pages 80 to 114 form an integral part of these financial statements.

Approved by the Board on 10 September 2014 and signed on its behalf by:

Mark Coombs
Chief Executive Officer

Tom Shippey
Group Finance Director

Consolidated statement of changes in equity

For the year ended 30 June 2014

	Attributable to equity holders of the parent								
	Issued capital £m	Share premium £m	Retained earnings £m	Foreign exchange reserve £m	Available-for-sale reserve £m	Cash flow hedging reserve £m	Total £m	Non-controlling interests £m	Total equity £m
Balance at 30 June 2012	–	15.7	516.6	3.1	2.5	(0.6)	537.3	20.8	558.1
Profit for the year	–	–	202.2	–	–	–	202.2	(0.6)	201.6
Other comprehensive income/(loss):									
Foreign currency translation differences arising on foreign operations	–	–	–	2.2	–	–	2.2	0.4	2.6
Net fair value gain on available-for-sale assets including tax	–	–	–	–	0.1	–	0.1	–	0.1
Net gains reclassified from available-for-sale reserve to comprehensive income	–	–	–	–	(1.9)	–	(1.9)	–	(1.9)
Cash flow hedge intrinsic value losses	–	–	–	–	–	(0.4)	(0.4)	–	(0.4)
Total comprehensive income/(loss)	–	–	202.2	2.2	(1.8)	(0.4)	202.2	(0.2)	202.0
Transactions with owners:									
Purchase of own shares	–	–	(30.8)	–	–	–	(30.8)	(1.3)	(32.1)
Share-based payments	–	–	25.5	–	–	–	25.5	3.5	29.0
Deferred tax related to share-based payments	–	–	(0.7)	–	–	–	(0.7)	–	(0.7)
Proceeds received on exercise of vested options	–	–	0.4	–	–	–	0.4	–	0.4
Dividends to equity holders	–	–	(105.2)	–	–	–	(105.2)	–	(105.2)
Dividends to non-controlling interests	–	–	–	–	–	–	–	(5.7)	(5.7)
Total contributions and distributions	–	–	(110.8)	–	–	–	(110.8)	(3.5)	(114.3)
Balance at 30 June 2013	–	15.7	608.0	5.3	0.7	(1.0)	628.7	17.1	645.8
Profit for the year	**–**	**–**	**130.8**	**–**	**–**	**–**	**130.8**	**2.6**	**133.4**
Other comprehensive income/(loss):									
Foreign currency translation differences arising on foreign operations	**–**	**–**	**–**	**(18.1)**	**–**	**–**	**(18.1)**	**(0.6)**	**(18.7)**
Net fair value gain on available-for-sale assets including tax	**–**	**–**	**–**	**–**	**(3.5)**	**–**	**(3.5)**	**–**	**(3.5)**
Net gains reclassified from available-for-sale reserve to comprehensive income	**–**	**–**	**–**	**–**	**(2.5)**	**–**	**(2.5)**	**–**	**(2.5)**
Cash flow hedge intrinsic value losses	**–**	**–**	**–**	**–**	**–**	**2.8**	**2.8**	**–**	**2.8**
Total comprehensive income/(loss)	**–**	**–**	**130.8**	**(18.1)**	**(6.0)**	**2.8**	**109.5**	**2.0**	**111.5**
Transactions with owners:									
Purchase of own shares	**–**	**–**	**(29.8)**	**–**	**–**	**–**	**(29.8)**	**–**	**(29.8)**
Share-based payments	**–**	**–**	**19.9**	**–**	**–**	**–**	**19.9**	**3.9**	**23.8**
Dividends to equity holders	**–**	**–**	**(112.5)**	**–**	**–**	**–**	**(112.5)**	**–**	**(112.5)**
Dividends to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(6.6)**	**(6.6)**
Total contributions and distributions	**–**	**–**	**(122.4)**	**–**	**–**	**–**	**(122.4)**	**(2.7)**	**(125.1)**
Balance at 30 June 2014	**–**	**15.7**	**616.4**	**(12.8)**	**(5.3)**	**1.8**	**615.8**	**16.4**	**632.2**

The notes on pages 80 to 114 form an integral part of these financial statements.

Consolidated cash flow statement

For the year ended 30 June 2014

	2014 £m	2013 £m
Operating activities		
Cash receipts from customers	**294.9**	358.7
Cash paid to suppliers and employees	**(84.5)**	(78.5)
Cash generated from operations	**210.4**	280.2
Taxes paid	**(48.3)**	(59.4)
Net cash from operating activities	**162.1**	220.8
Investing activities		
Interest received	**0.5**	2.7
Dividends received	**0.3**	1.7
Acquisitions	**–**	(9.0)
Contingent consideration payments	**–**	(8.6)
Purchase of non-current asset investments	**(2.0)**	(3.5)
Purchase of non-current financial assets held-for-sale	**(30.4)**	(102.6)
Purchase of available-for-sale financial assets	**(21.3)**	(42.9)
Purchase of investment securities	**(31.5)**	(62.0)
Sale of non-current asset investments	**2.3**	0.2
Sale of non-current financial assets held-for-sale	**12.7**	32.5
Sale of available-for-sale financial assets	**24.9**	73.5
Sale of investment securities	**17.7**	51.1
Net cash flow arising on initial consolidation/deconsolidation of seed capital investments	**8.6**	(0.9)
Purchase of property, plant and equipment	**(0.4)**	(1.9)
Net cash used in investing activities	**(18.6)**	(69.7)
Financing activities		
Dividends paid to equity holders	**(112.5)**	(105.2)
Dividends paid to non-controlling interests	**(6.6)**	(5.7)
Third-party subscriptions into consolidated funds	**19.1**	42.3
Third-party redemptions from consolidated funds	**(6.0)**	(7.9)
Distributions paid by consolidated funds	**(0.5)**	(1.0)
Purchase of own shares	**(29.8)**	(30.8)
Net cash used in financing activities	**(136.3)**	(108.3)
Net increase in cash and cash equivalents	**7.2**	42.8
Cash and cash equivalents at beginning of year	**395.5**	346.6
Effect of exchange rate changes on cash and cash equivalents	**(32.1)**	6.1
Cash and cash equivalents at end of year	**370.6**	395.5
Cash and cash equivalents at end of year comprise:		
Cash at bank and in hand	**74.8**	78.4
Daily dealing liquidity funds	**224.6**	317.1
Deposits	**71.2**	–
	370.6	395.5

The notes on pages 80 to 114 form an integral part of these financial statements.

Company balance sheet
As at 30 June 2014

	Notes	2014 £m	2013 £m
Assets			
Non-current assets			
Goodwill and intangible assets	15	**4.1**	4.1
Property, plant and equipment	16	**1.5**	1.4
Investment in subsidiaries	27	**20.1**	20.1
Loans due from subsidiaries	18	**–**	18.9
Deferred tax assets	19	**12.3**	13.7
		38.0	58.2
Current assets			
Trade and other receivables	18	**256.9**	257.8
Cash and cash equivalents		**249.1**	271.7
		506.0	529.5
Total assets		**544.0**	587.7
Equity and liabilities			
Capital and reserves			
Issued capital	23	**–**	–
Share premium		**15.7**	15.7
Retained earnings		**495.5**	526.2
Total equity attributable to equity holders of the Company		**511.2**	541.9
Liabilities			
Current liabilities			
Current tax		**–**	–
Trade and other payables	26	**32.8**	45.8
		32.8	45.8
Total liabilities		**32.8**	45.8
Total equity and liabilities		**544.0**	587.7

The notes on pages 80 to 114 form an integral part of these financial statements.

Approved by the Board on 10 September 2014 and signed on its behalf by:

Mark Coombs
Chief Executive Officer

Tom Shippey
Group Finance Director

Company statement of changes in equity

For the year ended 30 June 2014

	Issued capital £m	Share premium £m	Retained earnings £m	Total equity attributable to equity holders of the parent £m
Balance at 30 June 2012	–	15.7	419.5	435.2
Profit for the year	–	–	220.1	220.1
Purchase of own shares	–	–	(30.8)	(30.8)
Share-based payments	–	–	22.9	22.9
Deferred tax related to share-based payments	–	–	(0.7)	(0.7)
Proceeds received on exercise of vested options	–	–	0.4	0.4
Dividends to equity holders	–	–	(105.2)	(105.2)
Balance at 30 June 2013	–	15.7	526.2	541.9
Profit for the year	**–**	**–**	**94.4**	**94.4**
Purchase of own shares	**–**	**–**	**(29.8)**	**(29.8)**
Share-based payments	**–**	**–**	**17.2**	**17.2**
Dividends to equity holders	**–**	**–**	**(112.5)**	**(112.5)**
Balance at 30 June 2014	**–**	**15.7**	**495.5**	**511.2**

The notes on pages 80 to 114 form an integral part of these financial statements.

Company cash flow statement
As at 30 June 2014

	2014 £m	2013 £m
Operating activities		
Cash receipts from customers and other Group companies	**86.4**	79.7
Cash paid to suppliers and employees and other Group companies	**(54.2)**	(47.6)
Net cash from operating activities	**32.2**	32.1
Investing activities		
Interest received	**0.2**	0.8
Loans to subsidiaries	**(37.7)**	(34.6)
Dividends received from subsidiaries	**143.2**	196.7
Purchase of property, plant and equipment	**(0.4)**	(0.7)
Net cash from investing activities	**105.3**	162.2
Financing activities		
Dividends paid	**(112.5)**	(105.2)
Purchase of own shares	**(29.8)**	(30.8)
Net cash used in financing activities	**(142.3)**	(136.0)
Net (decrease)/increase in cash and cash equivalents	**(4.8)**	58.3
Cash and cash equivalents at beginning of year	**271.7**	210.6
Effect of exchange rate changes on cash and cash equivalents	**(17.8)**	2.8
Cash and cash equivalents at end of year	**249.1**	271.7
Cash and cash equivalents at end of year comprise:		
Cash at bank and in hand	**20.4**	7.6
Daily dealing liquidity funds	**183.7**	264.1
Deposits	**45.0**	–
	249.1	271.7

The notes on pages 80 to 114 form an integral part of these financial statements.

1) General information

Ashmore Group plc (the Company) is a public limited company listed on the London Stock Exchange and incorporated and domiciled in the United Kingdom. The consolidated financial statements of the Company and its subsidiaries (together the Group) for the year ended 30 June 2014 were authorised for issue by the Board of Directors on 10 September 2014. The principal activity of the Group is described in the Directors' report on page 52.

2) Basis of preparation

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) effective for the Group's reporting for the year ended 30 June 2014 and applied in accordance with the provisions of the Companies Act 2006.

The financial statements have been prepared on a going concern basis under the historical cost convention, except for the measurement at fair value of certain financial assets that are available-for-sale or classified as fair value through profit or loss.

The Company has taken advantage of the exemption in section 408 of the Companies Act 2006 which allows it not to present its individual statement of comprehensive income and related notes.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Further information about key assumptions and other key sources of estimation and areas of judgement are set out in note 32.

3) Effects of new and amended IFRSs

New standards, interpretations and amendments adopted during the year

The following standards and amendments to standards relevant to the Group's operations were adopted during the year. Except where otherwise stated, these standards and amendments did not have a material impact on the Group's consolidated financial statements:

– An amendment to IFRS 7 *Financial instruments: Disclosures – offsetting financial assets and financial liabilities* was issued by the IASB in December 2011 for retrospective application in annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The amendment was endorsed by the EU in December 2012. The amendments require disclosures regarding the Group's financial instruments that are either offset in the consolidated statement of financial position or subject to an enforceable master netting arrangement or similar agreement.

– IFRS 13 *Fair value measurement* was issued by the IASB in May 2011 for prospective application in annual periods beginning on or after 1 January 2013 and was endorsed by the EU in December 2012. IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements, provides guidance on how to measure fair value when fair value is required or permitted across IFRSs and enhances disclosure requirements. Although the application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group, certain specific disclosures on fair values are required and are provided in note 20.

– As part of the May 2012 Improvements to IFRSs, the IASB made amendments to the following standards that are relevant to the Group's operations: IAS 1 *Presentation of Financial Statements*, IAS 32 *Financial Instruments: Presentation* and IAS 34 *Interim financial reporting* for application in accounting periods beginning on or after 1 January 2013. The improvements were endorsed by the EU in March 2013.

New standards and interpretations not yet adopted

At the date of authorisation of these consolidated financial statements the following standards and interpretations relevant to the Group's operations were issued by the IASB but are not yet mandatory. Except where otherwise stated, the Group does not expect that the adoption of the following standards will have a material impact on the Group's consolidated financial statements.

– IAS 27 *Consolidated and separate financial statements* and IAS 28 *Investment in associates and joint ventures* were revised by the IASB in May 2011, for application in annual periods beginning on or after 1 January 2013. The revised standards were endorsed by the EU in December 2012 for application for annual periods starting on or after 1 January 2014. The Group plans to adopt the revised IAS 27 and IAS 28 with effect from 1 July 2014.

– IFRS 10 *Consolidated financial statements*, IFRS 11 *Joint arrangements* and IFRS 12 *Disclosure of interests in other entities* were issued by the IASB in May 2011 for retrospective application in annual periods beginning on or after 1 January 2013. The standards were endorsed by the EU in December 2012 requiring application no later than annual periods starting 1 January 2014.

– IFRS 10 revises the concept of control and provides that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group will need to determine whether it controls an investment fund that it manages by focusing on its aggregate economic interest in the fund (comprising any carried interests and expected management fees) and the investors' rights to remove the Group as the fund manager. The decision to consolidate any fund will be determined based on an assessment of whether the Group acts as an agent or not for the investors. However, consolidation procedures will remain unchanged.

– The Group has assessed the impact on the consolidated balance sheet of adopting IFRS 10 effective from 1 July 2014. It is estimated that consolidated total assets and total liabilities will each increase by £59.3 million as a result of consolidating five additional funds where Ashmore's aggregate economic interest in the fund indicates that it acts as a principal. However, this will have £nil impact on the Group's reported net assets.

– IFRS 12 *Disclosure of Interests in Other Entities* consolidates and enhances disclosure requirements relating to interests of an entity in other entities. It includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and unconsolidated structures. The Group expects to expand disclosures in respect of unconsolidated investment funds in which it has an interest or for which it is a sponsor.

- Amendments to IFRS 10, IFRS 12 and IAS 27 *Investment entities* were issued by the IASB in October 2012 for application in annual periods beginning on or after 1 January 2014. The amendments were endorsed by the EU in November 2013. The amendments introduced a special accounting requirement for investment entities. Where a reporting entity meets the definition of an investment entity, it does not consolidate its subsidiaries, or apply IFRS 3 *Business Combinations* when it obtains control of another entity.
- An amendment to IAS 32 *Financial instruments: Presentation – offsetting financial instruments* was issued by the IASB in December 2011, for retrospective application in annual periods beginning on or after 1 January 2014. The amendment was endorsed by the EU in December 2012.
- An amendment to IAS 36 *Recoverable amount disclosures for non-financial* assets was issued by the IASB in May 2013, for retrospective application in annual periods beginning on or after 1 January 2014.
- IFRS 9 *Financial instruments* was originally issued in November 2009, reissued in October 2010, and then amended in November 2013. IFRS 9 includes requirements for recognition and measurement, derecognition and hedge accounting for financial instruments. The IASB intends to expand IFRS 9 to add new requirements for impairment of financial assets measured at amortised cost and include limited amendments to the classification and measurement requirements. The IASB is adding to the standard as it completes the various phases of its comprehensive project on financial instruments, and so it will eventually form a complete replacement for IAS 39 *Financial Instruments: Recognition and measurement*. IFRS 9 requires financial assets to be classified into two measurement categories: fair value and amortised cost. Classification will depend on an entity's business model and the characteristics of contractual cash flow of the financial instrument. Although there are expected to be significant changes to the classification and presentation of financial instruments by the Group, there is not expected to be a significant impact on net assets. Retrospective application is required and IFRS 9 is anticipated to be effective for annual periods beginning on or after 1 January 2018. The Group continues to monitor developments regarding IFRS 9 and will provide an impact assessment once the IASB has completed the project subject to endorsement by the EU.
- The Group will continue to measure all equity investments at fair value with an irrevocable option to recognise through equity fair value gains and losses on equity investments that are not held for trading. However, gains and losses recognised through equity cannot be subsequently recycled to comprehensive income on impairment or disposal of the investments as is the case for equity investments currently classified as available-for-sale.

4) Significant accounting policies

The following principal accounting policies have been applied consistently where applicable to all years presented in dealing with items which are considered material in relation to the Group and Company financial statements, unless otherwise stated. Certain limited presentational amendments were made to prior year disclosure notes to enhance consistency with current year disclosures.

Basis of consolidation

The consolidated financial statements of the Group comprise the financial statements of the Company and its subsidiaries as at 30 June 2014. Subsidiaries are those entities, including investment funds, over which the Company has the power, directly or indirectly, to govern the financial and operating policies so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control is transferred to the Group until the date that control ceases. Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. The results of subsidiaries acquired during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition.

Based on their nature, the interests of third-parties in funds that are consolidated (consolidated funds) are classified as liabilities and appear as 'Third-party interests in consolidated funds' on the Group's balance sheet.

The Group has an Employee Benefit Trust (EBT) that acts as an agent for the purpose of the employee share-based compensation plans. Accordingly, the EBT is included within the Group and Company financial statements.

Associates and joint ventures

Associates are partly owned entities over which the Group has significant influence but no control. Joint ventures are entities through which the Group and other parties undertake an economic activity which is subject to joint control.

Investments in associates and interests in joint ventures are recognised using the equity method of accounting. Under this method, the investments are initially recognised at cost, including attributable goodwill, and are adjusted thereafter for the post-acquisition changes in the Group's share of net assets. The Group's share of post-acquisition profit or loss is recognised in the statement of comprehensive income.

Where the Group's financial year is not coterminous with those of its associates or joint ventures, unaudited interim financial information is used after appropriate adjustments have been made.

Foreign currency

The Group's financial statements are presented in Pounds Sterling (Sterling), which is also the Company's functional and presentation currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates; the functional currency.

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the Group entities at the spot exchange rates at the date of the transactions.

4) Significant accounting policies continued

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the functional currency at the spot exchange rate at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in comprehensive income. However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income:

– available-for-sale equity instruments; and

– qualifying cash flow hedges to the extent that the hedge is effective.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into Sterling at the spot exchange rates at the balance sheet date. The revenues and expenses of foreign operations are translated into Sterling at rates approximating to the foreign exchange rates ruling at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and accumulated in the foreign currency translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of such that control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to comprehensive income as part of the gain or loss on disposal. If the Group disposes only part of its interest in a subsidiary that includes a foreign operation while retaining control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, then foreign currency differences arising on the item form part of the net investment in the foreign operation and are recognised in other comprehensive income, and accumulated in the foreign currency translation reserve within equity.

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

The consideration transferred for the acquisition is generally measured at the acquisition date fair value, as are the identifiable net assets acquired, liabilities incurred (including any asset or liability resulting from a contingent consideration arrangement) and equity instruments issued by the Group in exchange for control of the acquiree.

Acquisition related costs are expensed as incurred, except if they are related to the issue of debt or equity securities.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequently, changes to the fair value of the contingent consideration that is deemed to be a liability will be recognised in accordance with IAS 39 in comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured and settlement is accounted for within equity.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

Goodwill

The cost of a business combination in excess of the fair value of net identifiable assets or liabilities acquired, including intangible assets identified, is recognised as goodwill and stated at cost less any accumulated impairment losses. Goodwill has an indefinite useful life, is not subject to amortisation and is tested annually for impairment or when there is an indication of impairment.

Intangible assets

The cost of intangible assets, such as management contracts and brand names, acquired as part of a business combination are their fair value as at the date of acquisition. The fair value at the date of acquisition is calculated using the discounted cash flow methodology and represents the valuation of the profits expected to be earned from the management contracts and brand name in place at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses. Intangible assets are amortised, if appropriate, over their useful lives which have been assessed as being between 31 months and eight years.

Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes to the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost is determined on the basis of the direct and indirect costs that are directly attributable. Property, plant and equipment is depreciated using the straight-line method over the estimated useful lives, assessed to be five years for office equipment and four years for IT equipment. The residual values and useful lives of assets are reviewed at least annually.

Deferred acquisition costs

Costs that are directly attributable to securing an investment management contract are deferred if they can be identified separately and measured reliably and it is probable that they will be recovered. Deferred acquisition costs represent the contractual right to benefit from providing investment management services and are charged as the related revenue is recognised.

Financial instruments

Recognition and initial measurement

Financial instruments are recognised when the Group becomes party to the contractual provisions of an instrument, initially at fair value plus transaction costs except for financial assets classified at fair value through profit or loss. Purchases or sales of financial assets are recognised on the trade date, being the date that the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or been transferred or when the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liability has been discharged, cancelled or expires.

Subsequent measurement

The subsequent measurement of financial instruments depends on their classification in accordance with IAS 39 *Financial instruments: recognition and measurement* and IFRS 5 *Non-current assets held-for-sale and discontinued operations*.

Financial assets

The Group classifies its financial assets into the following categories: financial assets held-for-sale, investment securities, fair value through profit or loss investments, available-for-sale financial assets and non-current financial assets held-for-sale.

The Group may, from time to time, invest in funds where an Ashmore Group subsidiary is the investment manager or an adviser (seeding). Where the holding in such investments is deemed to represent a controlling stake and is acquired exclusively with a view to subsequent disposal through sale or dilution, these seed capital investments are recognised as non-current financial assets held-for-sale in accordance with IFRS 5. The Group recognises 100% of the investment in the fund as a 'held-for-sale' asset and the interest held by other parties as a 'liability held-for-sale'. Where control is not deemed to exist, and the assets are readily realisable, they are recognised as financial assets at fair value through profit or loss in accordance with IAS 39. Where the assets are not readily realisable, they are recognised as non-current asset investments. If a seed capital investment remains under the control of the Group for more than one year from the original investment date, the underlying fund is consolidated line-by-line.

Investment securities

Investment securities represent listed securities, other than derivatives, held by consolidated funds. These securities are held at fair value with gains and losses recognised through the consolidated statement of comprehensive income.

Non-current financial assets held-for-sale

Non-current financial assets held-for-sale are measured at the lower of their carrying amount and fair value less costs to sell except where measurement and re-measurement is outside the scope of IFRS 5. Where investments that have initially been recognised as non-current financial assets held-for-sale, because the Group has been deemed as holding a controlling stake, are subsequently disposed of or diluted such that the Group's holding is no longer deemed a controlling stake, the investment will subsequently be classified as fair value through profit or loss investments in accordance with IAS 39. Subsequent movements will be recognised in accordance with the Group's accounting policy for the newly adopted classification.

Available-for-sale financial assets

Available-for-sale financial assets include readily realisable interests of less than 50% in seeded funds that are either allocated specifically to this category or cannot be assigned to any other category. They are carried at fair value and changes in fair value are recognised in other comprehensive income, until the asset is disposed of or impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is included in profit for the year as part of comprehensive income. Dividend income and impairment losses are recognised in the consolidated statement of comprehensive income. With effect from 1 July 2013, the Group changed its accounting policy to classify new readily realisable interests of less than 50% in seeded funds as fair value through profit or loss investments and not as available-for-sale financial assets.

Financial assets designated as fair value through profit or loss (FVTPL)

Financial assets designated as FVTPL include certain readily realisable interests of less than 50% in seeded funds, non-current asset investments and derivatives. The Group designates financial assets as FVTPL when:

- the financial assets are managed, evaluated and reported internally on a fair value basis; and
- the classification at fair value eliminates or significantly reduces an accounting mismatch which would otherwise arise.

From the date the financial asset is designated as FVTPL all subsequent changes in fair value, foreign exchange differences, interest and dividends are reflected in the consolidated statement of comprehensive income and presented in finance income or expense.

(i) FVTPL investments

As noted under available-for-sale financial assets above, the Group changed its accounting policy with effect from 1 July 2013 to classify new readily realisable interests of less than 50% in seeded funds as FVTPL investments with fair value changes being directly recognised through the consolidated statement of comprehensive income. Fair value is assessed by taking account of the extent to which potential dilution of gains or losses may arise as a result of additional investors subscribing to the fund where the final close of a fund has not occurred.

(ii) Non-current asset investments

Non-current asset investments include closed-end funds which are designated as FVTPL. They are held at fair value with changes in fair value being recognised through the consolidated statement of comprehensive income. Fair value is assessed by taking account of the extent to which potential dilution of gains or losses may arise as a result of additional investors subscribing to the fund where the final close of a fund has not occurred.

(iii) Derivatives

Derivatives include foreign exchange forward contracts and options used by the Group to manage its foreign currency exposures and those held in consolidated funds. Derivatives are initially recognised at fair value on the date on which a derivative contract is entered and subsequently re-measured at fair value. Transaction costs are recognised immediately in the statement of comprehensive income. All derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

4) Significant accounting policies continued

Any gains or losses arising from changes in the fair value of derivatives are taken directly in comprehensive income, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

Trade and other receivables

Trade and other receivables are initially recorded at fair value plus transaction costs. The fair value on acquisition is normally the cost. Impairment losses with respect to the estimated irrecoverable amount are recognised through the statement of comprehensive income when there is appropriate evidence that trade and other receivables are impaired. However, if a longer-term receivable carries no interest, the fair value is estimated as the present value of all future cash payments or receipts discounted using the Group's weighted average cost of capital. The resulting adjustment is recognised as interest expense or interest income. Subsequent to initial recognition these assets are measured at amortised cost less any impairment.

Cash and cash equivalents

Cash represents cash at bank and in hand and cash equivalents comprise short-term deposits and investments in money market instruments with an original maturity of three months or less.

Financial liabilities

The Group classifies its financial liabilities into the following categories: non-current financial liabilities held-for-sale, financial liabilities designated as FVTPL and financial liabilities at amortised cost.

Non-current financial liabilities held-for-sale

Non-current financial liabilities represent interests held by other parties in funds in which the Group recognises 100% of the investment in the fund as a held-for-sale financial asset. These liabilities are carried at fair value with gains or losses recognised in the statement of comprehensive income within finance income or expense.

Financial liabilities at FVTPL

Financial liabilities at FVTPL include derivative financial instruments and third-party interests in consolidated funds. They are carried at fair value with gains or losses recognised in the consolidated statement of comprehensive income within finance income or expense.

Other financial liabilities

Other financial liabilities including trade and other payables are subsequently measured at amortised cost using the effective interest rate method.

Fair value of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the 'exit price') in an orderly transaction between market participants at the measurement date. In determining fair value, the Group uses various valuation approaches and establishes a hierarchy for inputs used in measuring fair value that maximises the use of relevant observable inputs and minimises the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Group. Unobservable inputs are inputs that reflect the Group's assumptions about the assumptions other market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances.

Securities listed on a recognised stock exchange or dealt on any other regulated market that operates regularly, recognised and open to the public, are valued at the last known available closing bid price. If a security is traded on several actively traded and organised financial markets, the valuation is made on the basis of the last known bid price on the main market on which the securities are traded. In the case of securities for which trading on an actively traded and organised financial market is not significant, but which are bought and sold on a secondary market with regulated trading among security dealers (with the effect that the price is set on a market basis), the valuation may be based on this secondary market.

Where instruments are not listed on any stock exchange or not traded on any regulated markets, valuation techniques are used by valuation specialists. These techniques include the market approach, the income approach or the cost approach for which sufficient and reliable data is available. The use of the market approach generally consists of using comparable market transactions or using techniques based on market observable inputs, while the use of the income approach generally consists of the net present value of estimated future cash flows, adjusted as deemed appropriate for liquidity, credit, market and/or other risk factors.

Investments in open-ended funds are valued on the basis of the last available NAV of the units or shares of such funds.

The fair value of the derivatives is their quoted market price at the balance sheet date.

Hedge accounting

The Group applies cash flow hedge accounting when the transactions meet the specified hedge accounting criteria. To qualify, the following conditions must be met:

– formal documentation of the relationship between the hedging instrument(s) and hedged item(s) must exist at inception;

– the hedged cash flows must be highly probable and must present an exposure to variations in cash flows that could ultimately affect comprehensive income;

– the effectiveness of the hedge can be reliably measured; and

– the hedge must be highly effective, with effectiveness assessed on an ongoing basis.

For qualifying cash flow hedges, the change in fair value of the effective hedging instrument is initially recognised in other comprehensive income and is released to comprehensive income in the same period during which the relevant financial asset or liability affects the Group's results.

Where the hedge is highly effective overall, any ineffective portion of the hedge is immediately recognised in comprehensive income. Where the instrument ceases to be highly effective as a hedge, or is sold, terminated or exercised, hedge accounting is discontinued.

Derecognition of financial assets and liabilities

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risk and rewards of ownership of the asset. The Group derecognises a financial liability when the Group's obligations are discharged, cancelled or they expire.

Impairment of financial assets

General

At each reporting date, the carrying amounts of the Group's assets are reviewed to assess whether there is any objective evidence of impairment in the value of financial assets classified as either available-for-sale or trade and other receivables. Impairment losses are recognised if an event has occurred which will have an adverse impact on the expected future cash flows of an asset and the expected impact can be reliably estimated. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using the Group's weighted average cost of capital. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses on available-for-sale financial assets are measured as the difference between cost and the current fair value. Where there is evidence that the available-for-sale financial asset is impaired, the cumulative loss that had been previously recognised in other comprehensive income is reclassified from the available-for-sale fair value reserve and recognised in the consolidated statement of comprehensive income.

Impairment losses in respect of assets other than goodwill are measured as the difference between the carrying amount of the financial asset and the present value of estimated cash flows discounted at the asset's original effective interest rate. Such impairment losses are recognised in the consolidated statement of other comprehensive income and are recognised against the carrying amount of the impaired asset on the consolidated statement of financial position. Interest on the impaired asset continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset.

Subsequent increases in fair value of previously impaired available-for-sale financial assets are reported as fair value gains in the available-for-sale fair value reserve through other comprehensive income and not separately identified as an impairment reversal.

For all other assets other than goodwill, if in a subsequent year the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, but is limited to the extent that the value of the asset may not exceed the original carrying amount that would have been determined, net of depreciation or amortisation, had no impairment occurred.

Goodwill

Goodwill is tested for impairment annually or whenever there is an indication that the carrying amount may not be recoverable based on management's judgements regarding the future prospects of the business, estimates of future cash flows and discount rates. When assessing the appropriateness of the carrying value of goodwill at year end, the recoverable amount is considered to be the greater of fair value less costs to sell or value in use. The pre-tax discount rate applied is based on the Group's weighted average cost of capital after making allowances for specific risks.

The business of the Group is managed as a single unit, with asset allocations, research and other such operational practices reflecting the commonality of approach across all fund themes. Therefore, for the purpose of testing goodwill for impairment, the Group is considered to have one cash-generating unit to which all goodwill is allocated and, as a result, no further split of goodwill into smaller cash-generating units is possible and the impairment review is conducted for the Group as a whole.

An impairment loss in respect of goodwill is not reversed.

Revenue

Revenue comprises management fees, performance fees and other revenue. Revenue is recognised in the statement of comprehensive income as and when the related services are provided. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Specific revenue recognition policies are:

Management fees

Management fees net of rebates are accrued over the period for which the service is provided. Where management fees are received in advance these are recognised over the period of the provision of the asset management service.

Performance fees

Performance fees net of rebates relate to the performance of funds managed during the period and are recognised when the quantum of the fee can be estimated reliably and it is probable that the fee will crystallise. This is usually at the end of the performance period or upon early redemption by a client.

Other revenue

Other revenue includes transaction, structuring and administration fees, and reimbursement by funds of costs incurred by the Group. This revenue is recognised when the related services are provided.

Distribution costs

Distribution costs are cost of sales payable to third parties and are recognised over the period for which the service is provided.

Employee benefits

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income when payable in accordance with the scheme particulars.

Share-based payments

The Group issues share awards to its employees under share-based compensation plans.

For equity-settled awards the fair value of the amounts payable to employees is recognised as an expense with a corresponding increase in equity, over the vesting period after adjusting for the estimated number of shares that are expected to vest. The fair value is measured at the grant date using an appropriate valuation model, taking into account the terms and conditions upon which the instruments were granted. At each balance sheet date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is calculated. The movement in cumulative expense is recognised in the statement of comprehensive income with a corresponding entry within equity.

4) Significant accounting policies continued

For cash-settled awards the fair value of the amounts payable to employees is recognised as an expense with a corresponding liability on the Group's balance sheet. The fair value is measured using an appropriate valuation model, taking into account the estimated number of awards that are expected to vest and the terms and conditions upon which the instruments were granted. During the vesting period, the liability recognised represents the portion of the vesting period that has expired at the balance sheet date multiplied by the fair value of the awards at that date. Movements in the liability are recognised in the statement of comprehensive income.

Operating leases

Payments payable under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised on a straight-line basis over the lease term and are recorded as a reduction in premises costs.

Finance income and expense

Finance income includes interest receivable on the Group's cash and cash equivalents, realised gains on available-for-sale financial assets and both realised and unrealised gains on held-for-sale assets and investments measured at FVTPL.

Finance income also includes adjustments in relation to the Group's contingent consideration liabilities related to acquisitions and charges in respect of unwinding of net present value discounts.

Finance expense includes the unwind of the discounts applied to contingent consideration liabilities on the Group's balance sheet using the effective interest method, realised losses on available-for-sale financial assets and both realised and unrealised losses on held-for-sale assets and investments measured at FVTPL.

Taxation

Tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the balance sheet date in the countries where the Group operates. Current tax also includes withholding tax arising from dividends.

Deferred tax

Deferred tax is recognised using the balance sheet liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following differences are not provided for:

- goodwill not deductible for tax purposes; and
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the balance sheet date.

Dividends

Dividends are recognised when shareholders' rights to receive payments have been established.

Equity shares

The Company's ordinary shares of 0.01 pence each are classified as equity instruments. Ordinary shares issued by the Company are recorded at the fair value of the consideration received or the market price at the day of issue. Direct issue costs, net of tax, are deducted from equity through share premium. When share capital is repurchased, the amount of consideration paid, including directly attributable costs, is recognised as a change in equity.

Own shares

Own shares are held by the EBT. The holding of the EBT comprises own shares that have not vested unconditionally to employees of the Group. In both the Group and Company, own shares are recorded at cost and are deducted from retained earnings.

Treasury shares

Treasury shares are recognised in equity and are measured at cost. Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from the sale and original cost being taken to retained earnings.

Segmental information

Key management information, including revenues, margins, investment performance, distribution costs and AuM flows, which is relevant to the operation of the Group, is reported to and reviewed by the Board on the basis of the investment management business as a whole, hence the Group's management considers that the Group's services and its operations are not run on a discrete geographic basis and comprise one business segment (being provision of investment management services).

Company-only accounting policies

In addition to the above accounting policies, the following specifically relate to the Company:

Investment in subsidiaries

Investments by the Company in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

5) Segmental information

The location of the Group's non-current assets at year end other than financial instruments, deferred tax assets and post-employment benefit assets is shown in the table below. Disclosures relating to revenue are in note 6.

Analysis of non-current assets by geography

	2014 £m	2013 £m
United Kingdom	**14.3**	16.9
United States	**70.1**	82.6
Other	**0.5**	0.9

6) Revenue

Management fees are accrued throughout the year in line with prevailing levels of assets under management and performance fees are recognised when they can be estimated reliably and it is probable that they will crystallise. The Group is not considered to be reliant on any single source of revenue. During the year, none of the Group's funds (FY2012/13: none) provided more than 10% of total revenue in the year respectively when considering management fees and performance fees on a combined basis.

Analysis of revenue by geography

	2014 £m	2013 £m
United Kingdom earned revenue	**266.2**	320.1
United States earned revenue	**22.2**	27.9
Other revenue	**5.7**	7.6

7) Foreign exchange

The foreign exchange rates which had a material impact on the Group's results are the US dollar, the Brazilian real and Indonesian rupiah.

	Closing rate as at 30 June 2014	Closing rate as at 30 June 2013	**Average rate year ended 30 June 2014**	Average rate year ended 30 June 2013
US dollar	**1.7106**	1.5213	**1.6281**	1.5690
Brazilian real	**3.7854**	3.3907	**3.7250**	3.2216
Indonesian rupiah	**20,219**	15,258	**18,618**	15,183

Foreign exchange differences arose as shown below.

	2014 £m	2013 £m
Net realised and unrealised hedging gains/(losses)	**3.5**	(1.2)
Translation gains/(losses) on non-Sterling denominated monetary assets and liabilities	**(30.1)**	5.9
Total foreign exchange (losses)/gains	**(26.6)**	4.7

8) Finance income and expense

	2014 £m	2013 £m
Finance income		
Interest income	**2.7**	3.2
Net gains on disposal of available-for-sale financial assets	**2.5**	2.1
Net realised gains on seed capital investments measured at fair value	**3.0**	7.4
Net unrealised gains on seed capital investments measured at fair value	**–**	3.1
Release of contingent consideration	**0.5**	10.8
Total finance income	**8.7**	26.6
Finance expense		
Net unrealised losses on seed capital investments measured at fair value	**(6.2)**	–
Unwinding of discount on contingent consideration	**–**	(0.9)
Total finance expense	**(6.2)**	(0.9)
Net finance income	**2.5**	25.7

8) Finance income and expense continued

Included within finance income is £0.5 million (FY2012/13: £10.8 million) in relation to the downward adjustment of the Group's contingent consideration liabilities.

9) Personnel expenses

Personnel expenses during the year comprised the following:

	2014 £m	2013 £m
Wages and salaries	**19.6**	20.0
Performance-related cash bonuses	**15.0**	25.9
Share-based payments	**23.2**	28.4
Social security costs	**5.1**	4.2
Pension costs	**1.2**	1.2
Other costs	**2.0**	2.6
Total personnel expenses	**66.1**	82.3

Personnel expenses in respect of the year ended 30 June 2014 include an amount of £0.6 million (FY2012/13: £0.6 million) that has been waived by Directors and employees in earlier periods with an equivalent amount paid to charity in the financial year to 30 June 2014.

Number of employees

The number of employees of the Group (including Directors) during the reporting year, all categorised as investment management personnel, was as follows:

	Average for the year ended 30 June 2014 Number	Average for the year ended 30 June 2013 Number	**At 30 June 2014 Number**	At 30 June 2013 Number
Total employees	**290**	280	**291**	291

Directors' remuneration

Disclosures of Directors' remuneration during the year as required by the Companies Act 2006 are included in the Remuneration report on pages 56 to 69.

There are retirement benefits accruing to two Directors under a defined contribution scheme (FY2012/13: two).

10) Share-based payments

The total share-based payments-related cost recognised by the Group in the statement of comprehensive income is shown below:

Group	**2014 £m**	2013 £m
Omnibus Plan	**19.2**	24.8
Ashmore Equities Investment Management operating agreement	**0.3**	0.3
Phantom Bonus Plan	**0.1**	–
Total related to compensation awards	**19.6**	25.1
Related to acquisition of Ashmore Equities Investment Management (US) L.L.C.	**3.6**	3.3
Total share-based payments expense	**23.2**	28.4

The total expense recognised for the year in respect of equity-settled share-based payment transactions was £23.8 million (FY2012/13: £29.0 million).

The Ashmore First Discretionary Share Option Scheme (Option Scheme)

The Option Scheme was set up in October 2000. Options issued under the Option Scheme typically have a life of ten years and vest after five years from date of grant. The pro rata proportion of the fair value of options at each reporting year end has been accounted for on an equity-settled basis. No further options will be issued under the Option Scheme. All outstanding options are fully vested.

Share options outstanding under the Option Scheme were as follows:

Group and Company	**2014 Number of options**	**Weighted average exercise price pence**	2013 Number of options	Weighted average exercise price pence
At the beginning of the year	**503,750**	**35.11**	1,898,221	33.20
Exercised	**–**	**–**	(1,394,471)	32.51
Forfeited	**–**	**–**	–	–
Options outstanding at year end	**503,750**	**35.11**	503,750	35.11
Options exercisable	**503,750**	**35.11**	503,750	35.11

No share options were exercised during the year. The weighted average share price on the date options were exercised during the prior year was 363.48p.

Weighted average remaining contractual life of outstanding options

Group and Company	**At 30 June 2014**	At 30 June 2013
Outstanding options	**503,750**	503,750
Weighted average exercise price	**35.11p**	35.11p
Weighted average remaining contracted life (years)	**1.63**	2.63

Range of exercise prices for share options outstanding at the end of the year

Group and Company Exercise price per share (p)	Exercise periods	**2014 Number**	2013 Number
10.00 – 20.00	9 December 2010 – 8 December 2015	**328,750**	328,750
20.00 – 30.00	27 April 2011 – 26 April 2016	**125,000**	125,000
170.00 – 180.00	8 December 2011 – 7 December 2016	**50,000**	50,000
		503,750	503,750

There were no new share options granted during the year ended 30 June 2014 (FY2012/13: none).

The Executive Omnibus Incentive Plan (Omnibus Plan)

The Omnibus Plan was introduced prior to the Company listing in October 2006 and provides for the grant of share awards, market value options, premium cost options, discounted options, linked options, phantoms and/or nil-cost options to employees. The Omnibus Plan will also allow bonuses to be deferred in the form of share awards with or without matching shares. These elements can be used singly or in combination. Awards granted under the Omnibus Plan typically vest after five years from date of grant, with the exception of bonus awards which vest after the shorter of five years from date of grant or on the date of termination of employment. Awards under the Omnibus Plan are accounted for as equity-settled, with the exception of phantoms which are classified as cash-settled.

The share-based payments relating to the Omnibus Plan represent the combined cash and equity-settled payments.

Total expense by year awards were granted

Group and Company Year of grant	**2014 £m**	2013 £m
2008	**–**	1.0
2009	**0.9**	1.0
2010	**1.1**	1.8
2011	**2.9**	3.3
2012	**3.2**	1.8
2013	**(0.3)**	15.9
2014	**11.4**	–
	19.2	24.8

10) Share-based payments continued

Awards outstanding under the Omnibus Plan were as follows:

i) Equity-settled awards

Group and Company	2014 Number of shares subject to awards	2014 Weighted average share price	2013 Number of shares subject to awards	2013 Weighted average share price
Restricted share awards				
At the beginning of the year	**18,070,806**	**£2.98**	15,877,630	£2.90
Granted	**5,316,273**	**£3.83**	4,836,236	£3.29
Vested	**(4,288,564)**	**£3.88**	(2,333,276)	£3.72
Forfeited	**(1,102,253)**	**£3.52**	(309,784)	£3.45
Awards outstanding at year end	**17,996,262**	**£3.50**	18,070,806	£2.98
Bonus share awards				
At the beginning of the year	**5,134,098**	**£3.10**	4,906,912	£3.01
Granted	**1,918,121**	**£3.83**	1,430,420	£3.29
Vested	**(1,388,760)**	**£3.77**	(1,203,234)	£3.80
Forfeited	**(3,645)**	**£3.25**	–	–
Awards outstanding at year end	**5,659,814**	**£3.55**	5,134,098	£3.10
Matching share awards				
At the beginning of the year	**5,134,098**	**£3.10**	4,906,912	£3.01
Granted	**1,918,121**	**£3.83**	1,430,420	£3.29
Vested	**(941,429)**	**£3.91**	(1,162,885)	£3.81
Forfeited	**(450,976)**	**£3.47**	(40,349)	£2.95
Awards outstanding at year end	**5,659,814**	**£3.55**	5,134,098	£3.10
Total	**29,315,890**	**£3.52**	28,339,002	£3.02

ii) Cash-settled awards

Group and Company	2014 Number of shares subject to awards	2014 Weighted average share price	2013 Number of shares subject to awards	2013 Weighted average share price
Restricted share awards				
At the beginning of the year	**2,205,318**	**£3.49**	1,806,068	£3.54
Granted	**70,423**	**£3.83**	409,405	£3.29
Vested	**(11,491)**	**£3.24**	(1,985)	£3.31
Forfeited	**(63,960)**	**£3.25**	(8,170)	£3.94
Awards outstanding at year end	**2,200,290**	**£3.50**	2,205,318	£3.49
Bonus share awards				
At the beginning of the year	**1,596,195**	**£3.50**	1,300,075	£3.55
Granted	**35,211**	**£3.83**	296,120	£3.29
Vested	**(51,634)**	**£3.24**	–	–
Forfeited	**–**	**–**	–	–
Awards outstanding at year end	**1,579,772**	**£3.50**	1,596,195	£3.50
Matching share awards				
At the beginning of the year	**1,596,195**	**£3.50**	1,300,075	£3.55
Granted	**35,211**	**£3.83**	296,120	£3.29
Vested	**(8,618)**	**£3.24**	–	–
Forfeited	**(43,016)**	**£3.24**	–	–
Awards outstanding at year end	**1,579,772**	**£3.50**	1,596,195	£3.50
Total	**5,359,834**	**£3.50**	5,397,708	£3.50

iii) Total awards

Group and Company	2014 Number of shares subject to awards	2014 Weighted average share price	2013 Number of shares subject to awards	2013 Weighted average share price
Restricted share awards				
At the beginning of the year	**20,276,124**	**£3.04**	17,683,698	£2.96
Granted	**5,386,696**	**£3.83**	5,245,641	£3.29
Vested	**(4,300,055)**	**£3.88**	(2,335,261)	£2.72
Forfeited	**(1,166,213)**	**£3.51**	(317,954)	£3.46
Awards outstanding at year end	**20,196,552**	**£3.50**	20,276,124	£3.04
Bonus share awards				
At the beginning of the year	**6,730,293**	**£3.19**	6,206,987	£3.12
Granted	**1,953,332**	**£3.83**	1,726,540	£3.29
Vested	**(1,440,394)**	**£3.75**	(1,203,234)	£3.80
Forfeited	**(3,645)**	**£3.25**	–	–
Awards outstanding at year end	**7,239,586**	**£3.54**	6,730,293	£3.19
Matching share awards				
At the beginning of the year	**6,730,293**	**£3.19**	6,206,987	£3.12
Granted	**1,953,332**	**£3.83**	1,726,540	£3.29
Vested	**(950,047)**	**£3.90**	(1,162,885)	£3.81
Forfeited	**(493,992)**	**£3.45**	(40,349)	£2.95
Awards outstanding at year end	**7,239,586**	**£3.54**	6,730,293	£3.19
Total	**34,675,724**	**£3.52**	33,736,710	£3.10

The fair value of awards granted under the Omnibus Plan is determined by the average Ashmore Group plc closing share price for the five business days prior to grant.

Where the grant of restricted and matching share awards is linked to the annual bonus process the fair value of the awards is spread over a period including the current financial year and the subsequent five years to their release date when the grantee becomes unconditionally entitled to the underlying shares. The fair value of the remaining awards is spread over the period from the date of grant to the release date.

The liability arising from cash-settled awards under the Omnibus Plan at the end of the year and reported within trade and other payables on the consolidated balance sheet is £7.1 million (30 June 2013: £12.0 million) of which £nil (30 June 2013: £nil) relates to vested awards.

The Approved Company Share Option Plan (CSOP)

The CSOP was also introduced prior to the Company listing in October 2006 and is an option scheme providing for the grant of market value options to employees with the aggregate value of outstanding options not exceeding £30,000 per employee. The CSOP qualifies as a UK tax approved company share option plan and approval thereto has been obtained from HMRC. To date, there have been no awards made under the CSOP.

10) Share-based payments continued

Other arrangements

Ashmore Equities Investment Management (US) L.L.C. (AEIM) operating agreement

Under the terms of AEIM's operating agreement, certain employees are eligible to receive part of their variable compensation in the form of partnership units. These awards, which typically vest five years from the date of grant depending on the satisfaction of service conditions, are accounted for as equity-settled share-based payments. The fair value of awards granted is based on the equity valuation of the subsidiary at the date of grant. Upon vesting, the holders are entitled to receive units in the subsidiary.

Share awards outstanding at year end under the operating arrangement were as follows:

Group	**2014 Number of shares subject to awards**	**2014 Weighted average share price (US dollars)**	2013 Number of shares subject to awards	2013 Weighted average share price (US dollars)
At the beginning of the year	**54,352**	**$32.05**	–	–
Granted	**31,187**	**$31.66**	54,352	$32.05
Vested	**–**	**–**	–	–
Forfeited	**(18,250)**	**$32.00**	–	–
Awards outstanding at year end	**67,289**	**$31.88**	54,352	$32.05

Phantom Bonus Plan

In August 2013, the Phantom Bonus Plan, a cash-settled share-based payment plan, was set up to provide long-term incentives to certain employees. The units typically vest after five years from date of grant, contingent upon continued employment. Units awarded under the plan carry no voting rights. The fair value of units granted under the plan is determined with reference to the equity valuation of the underlying employing entity.

Awards outstanding at year end under the Phantom Bonus Plan were as follows:

Group	**2014 Number of shares subject to awards**	**2014 Weighted average share price (US dollars)**	2013 Number of shares subject to awards	2013 Weighted average share price (US dollars)
At the beginning of the year	**13,229**	**$32.02**	–	–
Granted	**12,609**	**$31.66**	13,229	$32.02
Vested	**–**	**–**	–	–
Lapsed	**(3,797)**	**$31.93**	–	–
Awards outstanding at year end	**22,041**	**$31.85**	13,229	$32.02

As at 30 June 2014, the related liability reported within trade and other payables on the consolidated and Company balance sheet is £0.2 million of which £nil relates to vested awards (FY2012/13: £0.1 million of which £nil relates to vested awards).

Prior period acquisition of AEIM

At the time of the acquisition of AEIM in May 2011, employees and management held unvested shares representing 17.9% of its partnership shares. These awards, which vest after five years depending on the satisfaction of service conditions, are accounted for as equity-settled share-based payments in accordance with IFRS 2 *Share-based payment* which results in an annual charge to the statement of comprehensive income during the period of vesting. Upon vesting, the holders are entitled to receive shares in AEIM which may be exchanged for shares in Ashmore Group plc or cash at the discretion of the Group. The grant date fair value was based on the intrinsic value proportionate with the value implied from the purchase consideration paid by the Group to acquire AEIM.

During the year, no awards were granted (FY2012/13: none), none vested (FY2012/13: 5,463 awards vested) and 11,500 awards were forfeited (FY2012/13: 71,587 awards were forfeited). 305,900 awards (30 June 2013: 317,400 awards) are outstanding as at the year end.

11) Other expenses

Other expenses consist of the following:

	2014 £m	2013 £m
Travel	**4.9**	6.0
Professional fees	**4.3**	2.9
Information technology and communications	**5.6**	5.2
Deferred acquisition costs (note 17)	**0.1**	1.7
Amortisation of intangible assets (note 15)	**3.8**	5.1
Impairment of intangible assets (note 15)	**–**	11.0
Operating leases	**3.2**	3.5
Premises-related costs	**1.4**	1.2
Insurance	**0.9**	0.9
Auditors' remuneration (see below)	**0.9**	1.1
Depreciation of property, plant and equipment (note 16)	**1.1**	2.4
Other expenses	**5.6**	3.9
	31.8	44.9

Auditors' remuneration

	2014 £m	2013 £m
Fees for statutory audit services:		
– Fees payable to the Company's auditor for the audit of the Group's accounts	**0.2**	0.2
– Fees payable to the Company's auditor and its associates for the audit of the Company's subsidiaries pursuant to legislation	**0.3**	0.3
Fees for non-audit services:		
– Fees payable to the Company's auditor and its associates for tax services	**0.2**	0.3
– Fees payable to the Company's auditor and its associates for other services	**0.2**	0.3
	0.9	1.1

12) Taxation

Analysis of tax charge for the year

	2014 £m	2013 £m
Current tax		
UK corporation tax on profits for the year	**30.7**	56.7
Overseas corporation tax charge	**4.7**	3.9
Adjustments in respect of prior years	**0.3**	–
	35.7	60.6
Deferred tax		
Origination and reversal of temporary differences (see note 19)	**(0.1)**	(5.2)
Adjustments in respect of prior year	**(0.2)**	–
Effect of changes in corporation tax rates	**1.5**	0.6
Tax expense for the year	**36.9**	56.0

Factors affecting tax charge for the year

	2014 £m	2013 £m
Profit before tax	**170.3**	257.6
Profit on ordinary activities multiplied by the blended UK tax rate of 22.5% (FY2012/13: 23.75%)	**38.3**	61.2
Effects of:		
Non-deductible expenses	**8.4**	10.6
Deduction in respect of vested shares/exercised options (Part 12, Corporation Tax Act 2009)	**(3.9)**	(4.1)
Deferred tax arising from origination and reversal of temporary differences	**(0.1)**	(5.2)
Different rate of taxes on overseas profits	**(0.1)**	(1.3)
Write-off of contingent consideration	**–**	(2.6)
Non-taxable income	**(4.9)**	(2.2)
Tax relief on amortisation and impairment of goodwill and intangibles	**(1.5)**	(1.7)
Effect of deferred tax balance from changes in the UK corporation tax rate	**1.5**	0.6
Other items	**(0.9)**	0.7
Adjustments in respect of prior years	**0.1**	–
Tax expense for the year	**36.9**	56.0

Non-deductible expenses include the tax impact of non-deductible IFRS 2 accounting charges in respect of share-based payments of £5.2 million. Non-taxable income relates to unrealised foreign exchange differences arising on consolidation of the Group's US subsidiaries.

Charge recognised in equity/other comprehensive income

	2014 £m	2013 £m
Deferred tax on share-based payments	**–**	0.7
	–	0.7

A reduction to the main rate of UK corporation tax from 23% to 21% was enacted in Finance Act 2013 and became effective from 1 April 2014. The rate is set to fall to 20% from 1 April 2015 – this rate reduction was also enacted in Finance Act 2013. The effect of the rate reduction to 21% has been reflected in the figures set out above and the 20% rate used in the calculation of the UK deferred tax assets and liabilities.

13) Earnings per share

Basic earnings per share is calculated by dividing the profit after tax for the financial period attributable to equity holders of the parent of £130.8 million (FY2012/13: £202.2 million) by the weighted average number of ordinary shares in issue during the period, excluding own shares.

Diluted earnings per share is calculated based on basic earnings per share adjusted for all dilutive potential ordinary shares. There is no difference between the profit for the year attributable to equity holders of the parent used in the basic and diluted earnings per share calculations.

Reconciliation of the weighted average number of shares used in calculating basic and diluted earnings per share is shown below.

	2014 Number of ordinary shares	2013 Number of ordinary shares
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**677,970,089**	674,777,956
Effect of dilutive potential ordinary shares – share options/awards	**31,034,197**	30,328,790
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**709,004,286**	705,106,746

14) Dividends

Dividends paid in the year

Company	**2014 £m**	2013 £m
Final dividend for FY2012/13 – 11.75p (FY2011/12: 10.75p)	**81.9**	75.0
Interim dividend for FY2013/14 – 4.45p (FY2012/13: 4.35p)	**30.7**	30.2
	112.6	105.2

In addition, the Group paid £6.6 million (FY2012/13: £5.7 million) of dividends to non-controlling interests.

Dividends declared/proposed in respect of the year

Company	**2014 pence**	2013 pence
Interim dividend declared per share	**4.45**	4.35
Final dividend proposed per share	**12.00**	11.75
	16.45	16.10

On 10 September 2014 the Board proposed a final dividend of 12.00p per share for the year ended 30 June 2014. This has not been recognised as a liability of the Group at the year end as it has not yet been approved by shareholders. Based on the number of shares in issue at the year end which qualify to receive a dividend, the total amount payable would be £83.6 million.

15) Goodwill and intangible assets

Group	Goodwill £m	Fund management relationships £m	Brand name £m	Other intangible assets £m	Total £m
Cost – (at original exchange rate)					
At 30 June 2012, 30 June 2013 and 30 June 2014	**57.5**	**39.5**	**1.8**	**2.6**	**101.4**
Accumulated amortisation and impairment					
At 30 June 2012	–	(5.5)	(0.2)	(2.2)	(7.9)
Amortisation charge for year	–	(4.8)	–	(0.3)	(5.1)
Impairment charge for the year	–	(9.4)	(1.6)	–	(11.0)
At 30 June 2013	–	(19.7)	(1.8)	(2.5)	(24.0)
Amortisation charge for the year	**–**	**(3.5)**	**–**	**(0.1)**	**(3.6)**
At 30 June 2014	**–**	**(23.2)**	**(1.8)**	**(2.6)**	**(27.6)**
Net book value					
At 30 June 2012	60.0	35.8	1.7	0.6	98.1
Accumulated amortisation and impairment movement for the year	–	(14.2)	(1.6)	(0.3)	(16.1)
Foreign exchange revaluation through reserves*	1.7	0.7	(0.1)	–	2.3
At 30 June 2013	61.7	22.3	–	0.3	84.3
Accumulated amortisation for the year	**–**	**(3.5)**	**–**	**(0.3)**	**(3.8)**
Foreign exchange revaluation through reserves*	**(6.0)**	**(2.3)**	**–**	**–**	**(8.3)**
At 30 June 2014	**55.7**	**16.5**	**–**	**–**	**72.2**

* FX revaluation through reserves is a result of the retranslation of US dollar-denominated intangibles and goodwill.

Company	Goodwill £m
Cost	
At the beginning and end of the year	4.1
Net carrying amount at 30 June 2013 and 2014	4.1

Goodwill

The Group's goodwill balance relates principally to the acquisition of AEIM in May 2011.

The Company's goodwill balance relates to the acquisition of the business from ANZ in 1999.

The annual impairment review of goodwill was undertaken for the year ending 30 June 2014. The Group consists of a single cash generating unit for the purpose of assessing the carrying value of goodwill. In performing the impairment review, management prepares a calculation of the recoverable amount of goodwill and compares this to the carrying value. The recoverable amount was based on a fair value less costs to sell calculation using the Company's year end share price. Based on management's assessment as at 30 June 2014, the recoverable amount was in excess of the carrying value of goodwill and no impairment was implied. No impairment losses have been recognised in the current or preceding years.

Fund management relationships

Intangible assets comprise fund management relationships related to profit expected to be earned from clients of AEIM.

An annual impairment review of the fund management relationships was undertaken for the year ending 30 June 2014. The recoverable amount was derived from the cumulative pre-tax net earnings anticipated to be generated over the remaining useful economic life, discounted to present value using the Group's weighted average cost of capital of 13.0% per annum. Cumulative net earnings associated with the fund management relationships intangible asset were derived from the annual operating profit contribution that would arise as a result of the remaining fund management relationships, adjusted for investment performance and investor attrition.

The fund management relationships intangible asset was determined not to be impaired as the recoverable amount was higher than the carrying value as at 30 June 2014. Accordingly, no impairment charge was recognised during the year (FY2012/13: £11.0 million impairment was charged and included within other expenses in the Group's consolidated statement of comprehensive income).

The remaining amortisation period for fund management relationships is five years (30 June 2013: six years).

16) Property, plant and equipment

Group	2014 Fixtures, fittings and equipment £m	2013 Fixtures, fittings and equipment £m
Cost		
At the beginning of the year	**11.1**	10.4
Additions	**0.4**	1.9
Foreign exchange revaluation	**(0.4)**	–
Disposals	**(5.3)**	(1.2)
At the end of the year	**5.8**	11.1
Accumulated depreciation		
At the beginning of the year	**7.4**	6.2
Depreciation charge for the year	**1.1**	2.4
Foreign exchange revaluation	**(0.4)**	–
Disposals	**(5.3)**	(1.2)
At the end of the year	**2.8**	7.4
Net book value at 30 June	**3.0**	3.7

Company	2014 Fixtures, fittings and equipment £m	2013 Fixtures, fittings and equipment £m
Cost		
At the beginning of the year	**7.5**	6.8
Additions	**0.4**	0.7
Disposals	**(5.2)**	–
At the end of the year	**2.7**	7.5
Accumulated depreciation		
At the beginning of the year	**6.1**	4.3
Depreciation charge for year	**0.3**	1.8
Disposals	**(5.2)**	–
At the end of the year	**1.2**	6.1
Net book value at 30 June	**1.5**	1.4

17) Deferred acquisition costs

Group	2014 £m	2013 £m
Cost		
At the beginning of the year	**11.9**	14.3
Deferred acquisition costs recovered	**(0.5)**	(2.4)
At the end of the year	**11.4**	11.9
Accumulated charge		
At the beginning of the year	**11.3**	9.6
Charge for the year (note 11)	**0.1**	1.7
At the end of the year	**11.4**	11.3
Carrying value at the end of the year	**–**	0.6

The deferred acquisition costs shown above are in respect of the launch of Ashmore Global Opportunities Limited (AGOL), a publicly listed closed-ended investment company incorporated in 2007, and are being charged to the Group's statement of comprehensive income over seven years.

During the year, the Group recovered £0.5 million (FY2012/13: £2.4 million) of deferred acquisition costs related to the managed wind down of AGOL which was proposed and approved by AGOL shareholders in March 2014. The wind down entitled the Group to receive a reimbursement of certain launch costs which were borne at the time of AGOL's IPO in 2007.

18) Trade and other receivables

	Group		Company	
	2014 £m	2013 £m	2014 £m	2013 £m
Current				
Trade debtors	**60.7**	71.0	**2.0**	1.8
Prepayments	**2.4**	2.8	**1.9**	1.7
Loans due from subsidiaries	**–**	–	**249.6**	249.5
Amounts due from subsidiaries	**–**	–	**2.8**	2.0
Other receivables	**0.9**	3.5	**0.6**	2.8
	64.0	77.3	**256.9**	257.8
Non-current				
Loans due from subsidiaries	**–**	–	**–**	18.9
	–	–	**–**	18.9
Total trade and other receivables	**64.0**	77.3	**256.9**	276.7

Group trade debtors include all billed and unbilled management fees due to the Group at 30 June 2014 in respect of investment management services provided to that date.

19) Deferred taxation

Deferred tax assets and liabilities recognised by the Group and Company at year end are attributable to the following:

Group	2014 Other temporary differences £m	2014 Share-based payments £m	2014 Total £m	2013 Other temporary differences £m	2013 Share-based payments £m	2013 Total £m
Deferred tax assets	**9.4**	**11.9**	**21.3**	7.7	13.3	21.0
Deferred tax liabilities	**(4.5)**	**–**	**(4.5)**	(3.0)	–	(3.0)
	4.9	**11.9**	**16.8**	4.7	13.3	18.0

Company	2014 Other temporary differences £m	2014 Share-based payments £m	2014 Total £m	2013 Other temporary differences £m	2013 Share-based payments £m	2013 Total £m
Deferred tax assets	**0.4**	**11.9**	**12.3**	0.4	13.3	13.7

Movement of deferred tax balances

The movement in the deferred tax balances between the balance sheet dates has been reflected in equity or the statement of comprehensive income as follows:

Group	Other temporary differences £m	Share-based payments £m	Total £m
At 1 July 2012	0.4	13.7	14.1
Credited/(charged) to the consolidated statement of comprehensive income	4.3	0.3	4.6
Credited/(charged) to equity	–	(0.7)	(0.7)
At 30 June 2013	4.7	13.3	18.0
Credited/(charged) to the consolidated statement of comprehensive income	**0.1**	**(1.3)**	**(1.2)**
At 30 June 2014	**4.8**	**12.0**	**16.8**

Company	Other temporary differences £m	Share-based payments £m	Total £m
At 1 July 2012	–	13.7	13.7
Credited/(charged) to the statement of comprehensive income	0.4	0.3	0.7
Credited/(charged) to equity	–	(0.7)	(0.7)
At 30 June 2013	0.4	13.3	13.7
Credited/(charged) to the statement of comprehensive income	**(0.1)**	**(1.4)**	**(1.5)**
At 30 June 2014	**0.3**	**11.9**	**12.2**

20) Fair value of financial instruments

The Group has an established control framework with respect to the measurement of fair values. This framework includes a valuation team that has overall responsibility for all significant fair value measurements. The valuation team regularly reviews significant inputs and valuation adjustments. If third-party information is used to measure fair value, then the valuation team assesses and documents the evidence obtained from the third parties to support such valuations. There are no material differences between the carrying amounts of financial assets and liabilities and their fair values at the balance sheet date.

Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of inputs used in making the measurements.

- Level 1: Valuation is based upon a quoted market price in an active market for an identical instrument. This fair value measure relates to the valuation of quoted and exchange traded equity and debt securities.
- Level 2: Valuation techniques are based upon observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This fair value measure relates to the valuation of quoted equity securities in inactive markets or in interests in unlisted funds whose net asset values are referenced to the fair values of the listed or exchange traded securities held by those funds.
- Level 3: Valuation techniques use significant unobservable inputs. This fair value measure relates to the valuation of contingent consideration liabilities.

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The fair value hierarchy of financial instruments which are carried at fair value at year end is summarised below:

				2014				2013
	Level 1 £m	**Level 2 £m**	**Level 3 £m**	**Total £m**	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets								
Investment securities	**47.4**	**23.3**	**–**	**70.7**	40.7	9.0	–	49.7
Non-current financial assets held-for-sale	**–**	**39.1**	**–**	**39.1**	–	104.9	–	104.9
Fair value through profit or loss investments	**–**	**25.3**	**–**	**25.3**	–	–	–	–
Available-for-sale financial assets	**0.8**	**47.7**	**–**	**48.5**	0.4	55.2	–	55.6
Non-current asset investments	**–**	**11.7**	**–**	**11.7**	–	9.1	–	9.1
Derivative financial instruments	**–**	**2.4**	**–**	**2.4**	–	–	–	–
	48.2	**149.5**	**–**	**197.7**	41.1	178.2	–	219.3
Financial liabilities								
Third-party interests in consolidated funds	**9.1**	**4.4**	**–**	**13.5**	9.0	3.8	–	12.8
Derivative financial instruments	**–**	**–**	**–**	**–**	–	2.1	–	2.1
Non-current financial liabilities held-for-sale	**–**	**2.7**	**–**	**2.7**	–	26.9	–	26.9
Contingent consideration	**–**	**–**	**–**	**–**	–	–	0.5	0.5
	9.1	**7.1**	**–**	**16.2**	9.0	32.8	0.5	42.3

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the year (FY2012/13: none).

During the year the Group reclassified £12.0 million of available-for-sale financial assets from Level 3 to Level 2. The assets relate to investments made during the year in closed-end private equity funds that are neither listed on any stock exchange nor traded on any regulated markets. The Group considered it is more appropriate to classify these investments within Level 2 as the valuation is based on the net asset values (NAVs) of the funds as provided by the administrator, without any adjustment for illiquidity and/or non-transferability.

Changes in Level 3 financial liabilities recognised at fair value on a recurring basis

	Contingent consideration liability £m
At 1 July 2013	(0.5)
Gains recognised in profit within finance income	**0.5**
At 30 June 2014	**–**

Valuation of Level 3 financial liabilities recognised at fair value on a recurring basis

The measurement of contingent liabilities classified within Level 3 is based primarily on the Group's own estimates and assumptions. The contingent consideration liability in connection with the acquisition of AEIM was written down to £nil during the year.

Financial instruments not measured at fair value

Financial assets and liabilities that are not measured at fair value include cash and cash equivalents, trade and other receivables, and trade and other payables. The carrying value of financial assets and financial liabilities not measured at fair value is considered a reasonable approximation of fair value as at 30 June 2014 and 2013.

21) Seed capital investments

Seed capital investments represent interests held by the Group in funds for which the Group is the investment manager to provide initial scale and facilitate marketing of the funds to third-party investors. The movements of seed capital investments and related items during the year are as follows:

Group	Net non-current financial assets held-for-sale £m	Available-for-sale financial assets £m	FVTPL investments £m	Investment securities (relating to consolidated funds) £m	Other (relating to consolidated funds)* £m	Third-party interests in consolidated funds £m	Non-current asset investments £m	Total £m
Carrying amount at 30 June 2012	34.8	54.6	–	60.6	3.8	(10.5)	5.6	148.9
Net transfers:								
Held-for-sale to consolidated funds	(25.2)	–	–	29.3	0.7	(4.8)	–	–
Held-for-sale to available-for-sale	(4.8)	4.8	–	–	–	–	–	–
Consolidated funds to available-for-sale	–	23.6	–	(55.0)	(2.0)	33.4	–	–
Net purchases, disposals and fair value changes	73.2	(27.4)	–	14.8	0.7	(30.9)	3.5	33.9
Carrying amount at 30 June 2013	78.0	55.6	–	49.7	3.2	(12.8)	9.1	182.8
Net transfers:								
Held-for-sale to consolidated funds	**(40.6)**	**–**	**–**	**48.1**	**–**	**(7.5)**	**–**	**–**
Held-for-sale to FVTPL investments	**(12.0)**	**–**	**12.0**	**–**	**–**	**–**	**–**	**–**
Available-for-sale to held-for-sale	**2.7**	**(2.7)**	**–**	**–**	**–**	**–**	**–**	**–**
Consolidated funds to FVTPL investments	**–**	**–**	**16.5**	**(31.5)**	**0.2**	**14.8**	**–**	**–**
Net purchases, disposals and fair value changes	**8.3**	**(4.4)**	**(3.2)**	**4.4**	**5.3**	**(8.0)**	**2.6**	**5.0**
Carrying amount at 30 June 2014	**36.4**	**48.5**	**25.3**	**70.7**	**8.7**	**(13.5)**	**11.7**	**187.8**

* Relates to cash and other assets in consolidated funds that are not investment securities.

21) Seed capital investments continued

a) Non-current assets and non-current liabilities held-for-sale

Where Group companies invest seed capital into funds operated and controlled by the Group and the Group is actively seeking to reduce its investment and it is considered highly probable that it will relinquish control within a year, the interests in the funds are treated as held-for-sale and are recognised as financial assets and liabilities held-for-sale. During the year, nine funds (FY2012/13: six) were seeded in this manner, met the above criteria, and consequently the assets and liabilities of these funds were initially classified as held-for-sale.

The non-current assets and liabilities held-for-sale at 30 June 2014 were as follows:

	2014 £m	2013 £m
Non-current financial assets held-for-sale	**39.1**	104.9
Non-current financial liabilities held-for-sale	**(2.7)**	(26.9)
Seed capital investments classified as held-for-sale	**36.4**	78.0

Investments cease to be classified as held-for-sale when they are no longer controlled by the Group. A loss of control may happen either through sale of the investment and/or dilution of the Group's holding. When investments cease to be classified as held-for-sale they are classified as financial assets designated at FVTPL, effective from 1 July 2013 (FY2012/13: available-for-sale assets). Two such investments were transferred to FVTPL category during the year (FY2012/13: one was transferred to available-for-sale assets) after the Group reduced its interests following investment inflows from third parties. There was no impact on net assets or comprehensive income as a result of the reclassification.

If the fund remains under the control of the Group for more than one year from the original investment date it will cease to be classified as held-for-sale, and will be consolidated line-by-line after considering the level of stake held and the extent to which consolidation of the fund on a line-by-line basis would be material to the presentation of the Group's financial statements. During the year, four such funds (FY2012/13: two) with an aggregate carrying amount of £40.6 million (FY2012/13: £25.2 million) were transferred to consolidated funds. There was no impact on net assets or comprehensive income as a result of the transfer.

Included within finance income are net losses of £10.7 million (FY2012/13: net gains of £9.3 million) in relation to held-for-sale investments.

As the Group considers itself to have one segment (refer to note 4), no additional segmental disclosure of held-for-sale assets or liabilities is applicable.

b) Available-for-sale financial assets

Available-for-sale financial assets at 30 June 2014 comprise equities held as follows:

	2014 £m	2013 £m
Equities listed on stock exchange	**0.8**	0.4
Equity funds	**10.9**	10.6
Debt funds	**36.8**	44.6
Seed capital classified as available-for-sale	**48.5**	55.6

c) FVTPL investments

FVTPL investments at 30 June 2014 comprise equities held in equity funds.

	30 June 2014 £m	30 June 2013 £m
Seed capital designated as FVTPL investments	**25.3**	–

Included within finance income are net gains of £4.4 million on the Group's FVTPL investments.

d) Consolidated funds

Consolidated funds represent seed capital investments where the Group has held its position for a period greater than one year and its interest represents a controlling stake in the fund. These funds are consolidated line-by-line.

	2014 £m	2013 £m
Investment securities	**70.7**	49.7
Cash and cash equivalents	**6.3**	1.6
Other	**2.4**	1.6
Third-party interests in consolidated funds	**(13.5)**	(12.8)
Consolidated seed capital investments	**65.9**	40.1

Investment securities include listed and unlisted equities and debt securities. Other includes trade receivables, trade payables and accruals.

Included within the consolidated statement of comprehensive income are net gains of £5.5 million (FY2012/13: net gains of £4.6 million) relating to the Group's share of the results of the individual statements of comprehensive income for each of the consolidated funds, as follows:

	2014 £m	2013 £m
Finance income	**1.8**	1.6
Gains on investment securities	**7.0**	4.9
Change in third-party interests in consolidated funds	**(2.3)**	(1.2)
Other expenses	**(1.0)**	(0.7)
Net gains on consolidated funds	**5.5**	4.6

As of 30 June 2014, the Group's consolidated funds were domiciled in Brazil, Indonesia, Luxembourg and the United States.

e) Non-current asset investments

Non-current asset investments relate to the Group's holding in closed-end funds and are designated as FVTPL. Fair value is assessed by taking account of the extent to which potential dilution of gains or losses may arise as a result of additional investors subscribing to the fund where the final close of a fund has not occurred.

	2014 £m	2013 £m
Non-current asset investments	**11.7**	9.1

Included within finance income are net gains of £3.2 million (FY2012/13: net gains of £1.2 million) on the Group's non-current asset investments.

22) Financial instrument risk management

Group

The Group is subject to strategic, business, investment, operational and treasury risks throughout its business as discussed in the Business Review. This note discusses the Group's exposure to and management of the following principal risks which arise from the financial instruments it uses: credit risk, liquidity risk, interest rate risk, foreign exchange risk and price risk. Where the Group holds units in investment funds, classified either as held-for-sale, available-for-sale, FVTPL or non-current asset investment financial assets, the related financial instrument risk disclosures in the note below categorise exposures based on the Group's direct interest in those funds without looking through to the nature of underlying securities.

Risk management is the direct responsibility of the Group's senior management as noted in the Corporate governance report on pages 46 to 48.

Capital management

It is the Group's policy that all entities within the Group have sufficient capital to meet regulatory and working capital requirements and conducts regular reviews of its capital requirements relative to its capital resources.

As the Group is regulated by the United Kingdom's Financial Conduct Authority (FCA), it is required to maintain appropriate capital and perform regular calculations of capital requirements. This includes development of an Internal Capital Adequacy Assessment Process (ICAAP), based upon the FCA's methodologies under the Capital Requirements Directive. An overview of the ICAAP can be found on the Group's website at www.ashmoregroup.com. The Group's Pillar 3 disclosures covering the year to 30 June 2014 indicated that the Group had excess capital of £465.7 million (year to 30 June 2013: surplus of £453.6 million) over the level of capital required to meet operational risks under a Pillar II assessment. The objective of the assessment is to check that the Group has adequate capital to manage identified risks and the process includes conducting stress tests to identify capital and liquidity requirements under different future scenarios including a potential downturn.

All regulated entities with the Group have complied with regulatory requirements and filings that apply in the jurisdictions they operate.

Equity, as referred to on the Group's balance sheet, is the capital for the business.

Credit risk

The Group has exposure to credit risk from its normal activities where the risk is that a counterparty will be unable to pay in full amounts when due.

Exposure to credit risk is monitored on an ongoing basis by senior management and the Group's Risk Management and Control team. The Group has a counterparty and cash management policy in place which, in addition to other controls, restricts exposure to any single counterparty by setting exposure limits and requiring approval and diversification of counterparty banks and other financial institutions. The Group's maximum exposure to credit risk is represented by the carrying value of its financial assets. The table below lists financial assets subject to credit risk.

	Notes	**2014 £m**	2013 £m
Investment securities	21	**70.7**	49.7
Non-current financial assets held-for-sale	21	**39.1**	104.9
Available-for-sale financial assets	21	**48.5**	55.6
Fair value through profit or loss investments	21	**25.3**	–
Derivative financial instruments		**2.4**	–
Trade and other receivables	18	**64.0**	77.3
Cash and cash equivalents		**370.6**	395.5
Total		**620.6**	683.0

Investment securities, derivative financial instruments, non-current financial assets held-for-sale, available-for-sale financial assets and FVTPL investments expose the Group to credit risk from various counterparties which is monitored and reviewed by the Group.

The Group's cash and cash equivalents, comprised of short-term deposits with banks and liquidity funds, are predominantly held with counterparties with credit ratings ranging from A to AAAm as at 30 June 2014 (30 June 2013: A- to AAAm).

All trade and other receivables are considered to be fully recoverable and none were overdue at year end (30 June 2013: none). They include fee debtors that arise principally within the Group's investment management business. They are monitored regularly and, historically, default levels have been insignificant, and, unless a client has withdrawn funds, there is an ongoing relationship between the Group and the client. There is no significant concentration of credit risk in respect of fees owing from clients.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

In order to manage inherent liquidity risk there is a liquidity policy within the Group to ensure that there is sufficient access to funds to cover all forecast committed requirements for the next 12 months.

The maturity profile of the Group's contractual undiscounted financial liabilities is as follows:

At 30 June 2014

	Within 1 year £m	**1-5 years £m**	**More than 5 years £m**	**Total £m**
Non-current liabilities held-for-sale	**2.7**	**–**	**–**	**2.7**
Third-party interests in consolidated funds	**13.5**	**–**	**–**	**13.5**
Current trade and other payables	**69.4**	**–**	**–**	**69.4**
	85.6	**–**	**–**	**85.6**

At 30 June 2013

	Within 1 year £m	1-5 years £m	More than 5 years £m	Total £m
Non-current liabilities held-for-sale	26.9	–	–	26.9
Third-party interests in consolidated funds	12.8	–	–	12.8
Derivative financial instruments	2.1	–	–	2.1
Non-current trade and other payables	–	–	–	0.5
Current trade and other payables	94.1	–	–	94.1
	135.9	–	–	135.9

Details on leases and other commitments are provided in note 30.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The principal interest rate risk is the risk that the Group will sustain a reduction in interest revenue through adverse movements in interest rates. This relates to bank deposits held in the ordinary course of business. The Group has a cash management policy which requires management to monitor cash levels and returns within set parameters on a continuing basis.

Bank and similar deposits held at year end are shown on the consolidated balance sheet as cash and cash equivalents. The effective interest earned on bank and similar deposits during the year is given in the table below:

Effective interest rates applicable to bank deposits

	2014 %	2013 %
Deposits with banks and liquidity funds	**0.70**	0.85

Deposits with banks and liquidity funds are repriced at intervals of less than one year.

At 30 June 2014, if interest rates over the year had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been £1.5 million higher/lower (FY2012/13: £1.5 million higher/lower), mainly as a result of higher/lower interest on cash balances. An assumption that the fair value of assets and liabilities will not be affected by a change in interest rates was used in the model to calculate the effect on post-tax profits.

In addition, the Group is indirectly exposed to interest rate risk from units in funds which invest in debt securities and the Group holds seed capital investments in those funds.

22) Financial instrument risk management continued
Group

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

The Group's revenue is almost entirely denominated in US dollars, whilst the majority of the Group's costs are denominated in Sterling. Consequently, the Group has an exposure to movements in the GBP:USD exchange rate. In addition, the Group operates globally which means that it may enter into contracts and other arrangements denominated in local currencies in various geographic areas. The Group also holds a number of seed capital investments which are denominated mainly in US dollars, Brazilian real and Indonesian rupiah.

The Group's policy is to hedge a proportion of the Group's revenue by using a combination of forward foreign exchange contracts and options for up to two years forward. The Group also sells US dollars at spot rates when opportunities arise.

The table below shows the Group's sensitivity to a 1.0% exchange movement in the US dollar, Brazilian real and Indonesian rupiah, net of hedging activities.

	2014		2013	
Foreign currency sensitivity test	**Impact on profit before tax £m**	**Impact on equity £m**	Impact on profit before tax £m	Impact on equity £m
US dollar +/- 1%	**3.2**	**3.2**	2.9	2.7
Brazilian real +/- 1%	**–**	**0.1**	0.1	0.2
Indonesian rupiah +/-1%	**0.1**	**0.4**	0.5	0.4

Price risk

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of market changes.

Seed capital

The Group is exposed to the risk of changes in market prices in respect of seed capital investments. Such price risk is borne by the Group directly through interests in available-for-sale and non-current asset seed capital investments or indirectly either through line-by-line consolidation of underlying financial performance and positions held in certain funds or potential impairments when fair values less costs to sell of seed investments held-for-sale are less than carrying amounts. Details of seed capital investments held are given in note 21.

The Group has well defined procedures governing the appraisal, approval and monitoring of seed capital investments.

At 30 June 2014, a 5% movement in the fair value of these investments would have had a £9.4 million (FY2012/13: £7.7 million) impact on net assets and impact on profit before tax would have been £3.7 million (FY2012/13: £4.9 million).

Management and performance fees

The Group is also indirectly exposed to price risk in connection with the Group's management fees which are based on a percentage of value of AuM and fees based on performance. Movements in market prices, exchange and interest rates could cause the AuM to fluctuate which in turn could affect fees earned. Performance fee revenues could also be reduced in severe market conditions.

Management and performance fees are diversified across a range of investment themes and are not measurably correlated to any single market index in Emerging Markets. In addition, throughout Ashmore's history, the policy of having funds with year ends staged throughout the financial year has meant that in periods of steep market decline, some performance fees have still been recorded. The profitability impact is likely to be less than this, as cost mitigation actions would apply, including the reduction of the variable compensation paid to employees.

Using the year end AuM level of US$75.0 billion and applying the year's average net management fee rate of 60bps, a 5% movement in AuM would have a US$22.5 million impact on management fee revenues (FY2012/13: using the year end AuM level of US$77.4 billion and applying the year's average net management fee rate of 68bps, a 5% movement in AuM would have a US$26.3 million impact on management fee revenues).

Hedging activities

The Group uses forward and option contracts to hedge its exposure to foreign currency risk. These hedges, which have been assessed as effective cash flow hedges as at 30 June 2014, protect a proportion of the Group's revenue cash flows from foreign exchange movements and occur consistently throughout the year. The cumulative fair value of the outstanding foreign exchange hedges asset at 30 June 2014 was £2.4 million (30 June 2013: £2.1 million foreign exchange hedges liability) and is included within the Group's derivative financial instrument assets.

The notional and fair values of foreign exchange hedging instruments were as follows:

	2014		2013	
	Notional amount £m	**Fair value assets/ (liabilities) £m**	Notional amount £m	Fair value assets/ (liabilities) £m
Cash flow hedges				
Foreign exchange nil-cost option collars	**85.9**	**2.4**	89.4	(1.3)
Foreign exchange forward contracts	**–**	**–**	3.3	(0.1)
	85.9	**2.4**	92.7	(1.4)

The maturity profile of the Group's outstanding hedges is shown below.

	Notional amount with maturity date (£m)					
	2014			2013		
	Collars	**Forward contracts**	**Total**	Collars	Forward contracts	Total
Within 6 months	**39.8**	**–**	**39.8**	38.1	3.3	41.4
6 – 12 months	**33.3**	**–**	**33.3**	41.4	–	41.4
>12 months	**12.8**	**–**	**12.8**	9.9	–	9.9
	85.9	**–**	**85.9**	89.4	3.3	92.7

When hedges are assessed as effective, intrinsic value gains and losses are initially recognised in other comprehensive income and later reclassified to comprehensive income as the corresponding hedged cash flows crystallise. Time value in relation to the Group's hedges is excluded from being part of the hedging item and, as a result, the net unrealised loss related to the time value of the hedges is recognised in the consolidated statement of comprehensive income for the year.

A £2.8 million intrinsic gain (FY2012/13: £0.4 million loss) on the Group's hedges has been recognised through other comprehensive income and £nil intrinsic value (FY2012/13: £nil) was reclassified from equity to the statement of comprehensive income in the year.

Included within the realised and unrealised hedging gain of £3.5 million (note 7) recognised at 30 June 2014 (£1.2 million loss at 30 June 2013) are:

- a £1.7 million gain in respect of foreign exchange hedges covering net management fee income for the financial year ending 30 June 2015 (FY2012/13: £0.5 million loss in respect of foreign exchange hedges covering net management fee income for the financial year ended 30 June 2014); and
- a £1.8 million gain in respect of crystallised foreign exchange contracts (FY2012/13: £0.7 million loss).

Company

The risk management processes of the Company including those relating to the specific risk exposures covered below are aligned with those of the Group as a whole unless stated otherwise.

In addition, the risk definitions that apply to the Group are also relevant for the Company.

Credit risk

The Company's maximum exposure to credit risk is represented by the carrying value of its financial assets. The table below lists financial assets subject to credit risk by credit rating:

	2014 £m	2013 £m
Cash and cash equivalents	**249.1**	271.7
Trade and other receivables	**256.9**	276.7
Total	**506.0**	548.4

The Company's cash and cash equivalents comprise short-term deposits held with banks and liquidity funds which have credit ratings ranging from A to AAAm as at 30 June 2014 (30 June 2013: A to AAAm).

All trade and other receivables are considered to be fully recoverable and none were overdue at year end (30 June 2013: none).

Liquidity risk

The contractual undiscounted cash flows relating to the Company's financial liabilities all fall due within one year.

Details of leases and other commitments are provided in note 30.

22) Financial instrument risk management continued

Company

Interest rate risk

The principal interest rate risk for the Company is that it could sustain a reduction in interest revenue from bank deposits held in the ordinary course of business through adverse movements in interest rates.

Bank and similar deposits held at year end are shown on the Company's balance sheet as cash and cash equivalents. The effective interest earned on bank and similar deposits during the year is given in the table below:

Effective interest rates applicable to bank deposits

	2014 %	2013 %
Deposits with banks and liquidity funds	**0.59**	0.34

Deposits with banks and liquidity funds are repriced at intervals of less than one year.

At 30 June 2014, if interest rates over the year had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been £0.9 million higher/lower (FY2012/13: £0.7 million higher/lower), mainly as a result of higher/lower interest on cash balances. An assumption that the fair value of assets and liabilities will not be affected by a change in interest rates was used in the model to calculate the effect on post-tax profits.

Foreign exchange risk

The Company is exposed primarily to foreign exchange risk in respect of US dollar cash balances and US dollar-denominated intercompany balances. However, such risk is not hedged by the Company.

At 30 June 2014, if the foreign currency had strengthened/weakened by 1% against Sterling with all other variables held constant, profit before tax for the year would have decreased/increased by £3.6 million respectively (FY2012/13: decreased/increased by £3.5 million respectively).

23) Share capital

Authorised share capital

Group and Company	**2014 Number of shares**	**2014 Nominal value £'000**	2013 Number of shares	2013 Nominal value £'000
Ordinary shares of 0.01p each	**900,000,000**	**90**	900,000,000	90

Issued share capital – allotted and fully paid

Group and Company	**2014 Number of shares**	**2014 Nominal value £'000**	2013 Number of shares	2013 Nominal value £'000
Ordinary shares of 0.01p each	**712,740,804**	**71**	712,740,804	71

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

At 30 June 2014 there were 503,750 (30 June 2013: 503,750) options in issue with contingent rights to the allotment of ordinary shares of 0.01p in the Company. There were also equity-settled share awards issued under the Omnibus Plan totalling 29,315,890 (30 June 2013: 28,339,002) shares that have release dates ranging from October 2014 to February 2019. Further details are provided in note 10.

24) Own shares

The Ashmore 2004 EBT was established to act as an agent to facilitate the acquisition and holding of shares in the Company with a view to facilitating the recruitment and motivation of the employees. As at the year end, the EBT owned 37,962,631 (30 June 2013: 35,205,106) ordinary shares of 0.01p with a nominal value of £3,796 (30 June 2013: £3,520) and shareholders' funds are reduced by £124.6 million (30 June 2013: £115.8 million) in this respect. It is the intention of the Directors to make these shares available to employees through the share-based compensation plans. The EBT is periodically funded by the Company for these purposes.

25) Treasury shares

Treasury shares held by the Company

Group and Company	2014 Number	2014 £m	2013 Number	2013 £m
Ashmore Group plc ordinary shares	**5,368,331**	**6.9**	5,368,331	6.9

Reconciliation of treasury shares

	2014 Number	2013 Number
At the beginning and end of the year	**5,368,331**	5,368,331

The market value of treasury shares was £19.9 million at year end (30 June 2013: £18.4 million).

26) Trade and other payables

	Group 2014 £m	Group 2013 £m	Company 2014 £m	Company 2013 £m
Current				
Trade and other payables	**34.0**	45.5	**28.6**	40.3
Accruals and deferred income	**35.4**	48.1	**3.3**	5.3
Amounts due to subsidiaries	**–**	–	**0.9**	0.2
Contingent consideration	**–**	0.5	**–**	–
Total trade and other payables	**69.4**	94.1	**32.8**	45.8

Contingent consideration

The Group's contingent consideration liabilities were written down to £nil during the year. The contingent consideration liabilities comprised amounts payable subject to achievement of agreed milestone targets by the relevant maturity date of 31 May 2014. The reduction of the discounted liability, the corresponding entry to which is reported within finance income, was driven principally by the levels of AuM managed by AEIM as at 30 May 2014, compared to higher levels forecast when the fair values of the contingent consideration liabilities were established.

Movement of contingent consideration

	Contingent consideration £m
At 30 June 2012	10.7
Net present value discount unwind	0.9
Fair value adjustment	(10.8)
Consideration that crystallised during the year	–
FX revaluation	(0.3)
At 30 June 2013	0.5
Fair value adjustment	**(0.5)**
At 30 June 2014	**–**

27) Subsidiaries

Operating subsidiaries

Movements in investments in subsidiaries during the year were as follows:

Company	2014 £m	2013 £m
Cost		
At the beginning and end of the year	**20.1**	20.1

In the opinion of the Directors, the following subsidiary undertakings principally affected the Group's results or financial position. A full list of subsidiary undertakings at 30 June 2014 will be annexed to the next annual return of Ashmore Group plc filed with the Registrar of Companies.

Name	Country of incorporation/ formation and principal place of operation	% of equity shares held by the Group
Ashmore Investments (UK) Limited	England	**100.00**
Ashmore Investment Management Limited	England	**100.00**
Ashmore Management Company Limited	Guernsey	**100.00**
Ashmore Investment Management (Singapore) Pte. Ltd.	Singapore	**100.00**
AA Development Capital Investment Managers (Mauritius) LLC	Mauritius	**55.00**
Ashmore Investments (Brasil) Limited	Guernsey	**88.57**
Ashmore Investments (India) Limited	Mauritius	**100.00**
Ashmore Investments (Turkey) NV	Netherlands	**84.20**
Ashmore Investment Management (US) Corporation	USA	**100.00**
PT Ashmore Asset Management Indonesia	Indonesia	**70.00**
Ashmore Investments (Colombia) SL	Spain	**100.00**
Ashmore Japan Co. Limited	Japan	**100.00**
Ashmore Investment Consulting (Beijing) Co. Limited	China	**100.00**
Ashmore Equities Holding Corporation	USA	**100.00**
Ashmore Equities Investment Management (US) L.L.C.	USA	**62.90**

Consolidated funds

The following investment funds, over which the Group is deemed to have control, have been consolidated into the Group's results.

Name	Type of fund	Country of incorporation/ formation and principal place of operation	% of net assets value held by the Group
Ashmore Emerging Markets Equity Fund	Equity	USA	**65.0%**
Ashmore Brasil Ações FIC De FIA	Equity	Brazil	**69.4%**
Ashmore Dana Ekuitas Nusantara	Equity	Indonesia	**81.0%**
Ashmore Dana Obligasi Nusantara	Local currency	Indonesia	**91.5%**
Ashmore SICAV Equity Select Fund	Equity	Luxembourg	**100.0%**
Ashmore SICAV 3 Multi Strategy Fund	Multi-strategy	Luxembourg	**83.1%**

28) Investments in associates and joint ventures

Associates and joint ventures

The Group held interests in the following associates and joint ventures as at 30 June 2014:

Name	Type	Nature of business	Country of incorporation/ formation and principal place of operation	% of equity shares held by the Group
VTB-Ashmore Capital Holdings Limited	Associate	Investment management	Russia	50%
Everbright Ashmore	Associate	Investment management	China	30%
Central China Securities Co. Limited	Joint venture	Investment management	China	49%

The associates and the joint venture are unlisted.

Movements in investments in associates and joint venture during the year were as follows:

	2014			2013		
	Associates £m	**Joint ventures £m**	**Total £m**	Associates £m	Joint ventures £m	Total £m
At the beginning of the year	**2.3**	**9.5**	**11.8**	2.3	–	2.3
Additions	**–**	**–**	**–**	–	9.9	9.9
Share of profit	**0.2**	**(2.1)**	**(1.9)**	0.3	(0.4)	(0.1)
Distributions	**(0.2)**	**–**	**(0.2)**	(0.3)	–	(0.3)
At the end of the year	**2.3**	**7.4**	**9.7**	2.3	9.5	11.8

Associates

The summarised aggregate financial information on associates is shown below.

Group	**2014 £m**	2013 £m
Total assets	**3.4**	4.7
Total liabilities	**(1.1)**	(1.4)
Net assets	**2.3**	3.4
Group's share of net assets	**0.7**	1.1
Revenue for the year to 30 June 2014	**4.6**	4.9
Profit for the year to 30 June 2014	**0.6**	1.1
Group's share of profit for the year	**0.2**	0.3

The carrying value of the investments in associates include attributable goodwill that arose on acquisition of the associates. Although the Group's share of net tangible assets of the associates is currently below the aggregate carrying value of the associates reflected on the consolidated balance sheet, the Group has considered that this position is temporary. No permanent impairment is believed to exist relating to the associates.

The Group has undrawn capital commitments of £5.1 million (30 June 2013: £6.4 million) to investment funds managed by the associates.

Further details are provided in note 30.

28) Investments in associates and joint ventures continued

Joint ventures

During the prior year, the Group entered into an agreement to acquire a 49% interest in a fund management joint venture with Central China Securities Co. Ltd. in China. Under the terms of the agreement and upon being granted the required approvals by the China Securities Regulatory Commission and other relevant government authorities, the Group contributed its share of the initial capitalisation, equivalent to £9.9 million.

Summarised financial information on the Group's share in the joint venture is shown below:

	2014 £m	2013 £m
Current assets	**8.7**	5.7
Non-current assets	**0.1**	0.1
Current liabilities	**(1.4)**	(0.1)
Total equity	**7.4**	5.7
Income	**0.6**	0.4
Expenses	**(2.7)**	(0.8)
Loss for the year	**(2.1)**	(0.4)

29) Related party transactions

Related parties of the Group include key management personnel, close family members of key management personnel, subsidiaries, associates, joint ventures, Ashmore Funds, the EBT and the Ashmore Foundation.

Key management personnel – Group and Company

The compensation paid to or payable to key management personnel for employee services is shown below:

£m	**2014 £m**	2013 £m
Short-term employee benefits	**0.9**	2.7
Defined contribution pension costs	**–**	–
Share-based payment benefits	**(0.4)**	1.7
	0.5	4.4

Share-based payment benefits represent the fair value charge to the statement of comprehensive income of share awards.

Details of the remuneration of Directors are given in the Remuneration report on pages 56 to 69.

During the year, there were no other transactions entered into with key management personnel (FY2012/13: none). Aggregate key management personnel interests in consolidated funds at 30 June 2014 were £3.3 million (30 June 2013: 3.5 million).

Transactions with subsidiaries – Company

Details of transactions between the Company and its subsidiaries are shown below:

	2014 £m	2013 £m
Transactions during the year		
Management fees received	**45.0**	79.1
Net dividends received	**143.2**	196.7
Loans given to subsidiaries	**40.9**	51.3

Amounts receivable or payable to subsidiaries are disclosed in notes 18 and 26.

Transactions with Ashmore Funds – Group

During the year, the Group received £158.5 million of gross management fees and performance fees (FY2012/13: £337.0 million) from the 90 funds (FY2012/13: 75 funds) it manages and which are classified as related parties. As at 30 June 2014 the Group had receivables due from funds of £55.3 million (30 June 2013: £57.6 million).

Transactions with the EBT – Group and Company

The EBT, which acts as an agent for the purpose of the employee share-based compensation plans, has been provided a loan facility to allow it to acquire Ashmore shares in order to satisfy outstanding unvested shares awards. The EBT is included within the results of the Group and the Company. As at year end the loan outstanding was £137.6 million (30 June 2013: £112.7 million).

Transaction with the Ashmore Foundation – Group and Company

The Ashmore Foundation is a related party to the Group. The Foundation was set up to provide financial grants to worthwhile causes within the Emerging Markets countries in which Ashmore operates with a view to giving back into the countries and communities in which the Group invests and which contribute to Ashmore's income and profitability. The Group donated less than £0.1 million to the Foundation during the year (FY2012/13: £0.1 million).

30) Commitments

Operating lease commitments

The Group and Company have entered into certain property leases. The leases have no escalation clauses or renewal or purchase options, and no restrictions imposed on them. The future aggregate minimum lease payments under these non-cancellable operating leases fall due as follows:

Group

	2014 £m	2013 £m
Within 1 year	**2.8**	2.9
Between 1 and 5 years	**8.2**	8.5
Later than 5 years	**5.2**	6.7
	16.2	18.1

Company

	2014 £m	2013 £m
Within 1 year	**1.2**	1.2
Between 1 and 5 years	**4.6**	4.6
Later than 5 years	**5.2**	6.3
	11.0	12.1

Operating lease expenses are disclosed in note 11.

Undrawn investment commitments

	2014 £m	2013 £m
Ashmore I – FCP Colombia Infrastructure Fund	**2.9**	4.9
Everbright Ashmore China Real Estate Fund	**1.6**	3.0
VTBC-Ashmore Real Estate Partners I, L.P.	**3.5**	3.4

Company

The Company has undrawn loan commitments to other Group entities totalling £84.2 million (30 June 2013: £94.5 million) to support their investment activities but has no investment commitments of its own (30 June 2013: none).

31) Post-balance sheet events

There were no post-balance sheet events that required adjustment of or disclosure in the financial statements for the year ended 30 June 2014.

32) Accounting estimates and judgements

Estimates and judgements used in preparing the financial statements are regularly evaluated and are based upon management's assessment of current and future events. The principal estimates and judgements that have a significant effect on the carrying amounts of assets and liabilities are discussed below.

Goodwill

The Group tests goodwill and intangible assets annually for impairment. The recoverable amount for goodwill is determined in reference to the Group's market capitalisation, whereas recoverable amount for intangible assets is determined based upon value in use calculations prepared on the basis of management's assumptions and estimates. The carrying value of goodwill and intangible assets on the Group's balance sheet at 30 June 2014 was £72.2 million (30 June 2013: £84.3 million). Management considers that reasonable possible changes in any of the key assumptions applied would not cause the carrying value of goodwill and intangible assets to materially exceed their recoverable values.

Performance fees

The Group assesses the recognition of performance fees to determine whether receipt of the fees is considered probable and the amount reliable. The assessment is made using management's judgement of the circumstances relevant to each performance fee entitlement.

There were no outstanding performance fees receivable at 30 June 2014 (30 June 2013: none).

Five-year summary

	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m
Management fees	**283.1**	316.0	302.6	250.9	192.1
Performance fees	**3.1**	33.4	25.4	85.4	82.9
Other revenue	**7.9**	6.2	6.2	6.5	6.4
Total revenue	**294.1**	355.6	334.2	342.8	281.4
Distribution costs	**(4.6)**	(4.8)	(3.7)	(1.6)	(2.2)
Foreign exchange	**(26.6)**	4.7	2.8	(7.4)	7.0
Net revenue	**262.9**	355.5	333.3	333.8	286.2
Gain/(loss) on investment securities	**7.0**	4.9	(0.4)	–	–
Change in third-party interests in consolidated funds	**(2.3)**	(1.2)	(0.4)	–	–
Personnel expenses	**(24.6)**	(25.1)	(23.6)	(15.3)	(12.8)
Variable compensation	**(41.5)**	(57.2)	(49.4)	(56.2)	(46.0)
Other operating expenses	**(31.8)**	(44.9)	(34.4)	(22.9)	(18.1)
Total operating expenses	**(93.2)**	(123.5)	(108.2)	(94.4)	(76.9)
Operating profit	**169.7**	232.0	225.1	239.4	209.3
Finance income	**8.7**	26.6	22.2	6.5	7.9
Finance expenses	**(6.2)**	(0.9)	(4.1)	–	–
Share of profits/(losses) from associates and joint ventures	**(1.9)**	(0.1)	–	–	–
Profit before tax	**170.3**	257.6	243.2	245.9	217.2
Tax expense	**(36.9)**	(56.0)	(57.5)	(55.7)	(56.6)
Profit for the year	**133.4**	201.6	185.7	190.2	160.6

EPS (basic)	**19.3p**	30.0p	26.8p	28.1p	23.9p
Dividend per share	**16.5p**	16.1p	15.0p	14.5p	13.0p
Other operating data (unaudited)					
AuM at period end (US$bn)	**75.0**	77.4	63.7	65.8	35.3
Average AuM (US$bn)	**75.2**	72.2	63.9	46.0	31.3
Average GBP:USD exchange rate for the year	**1.63**	1.57	1.59	1.59	1.58
Period end GBP:USD exchange rate for the year	**1.71**	1.52	1.57	1.61	1.49

Information for shareholders

Ashmore Group plc

Registered in England and Wales.
Company No. 3675683

Registered office

61 Aldwych
London WC2B 4AE
Tel: +44 (0) 20 3077 6000
Fax: +44 (0) 20 3077 6001

Principal UK trading subsidiary

Ashmore Investment Management Limited

Registered in England and Wales, Company No. 3344281.

Business address and registered office as above.

Further information on Ashmore Group plc can be found on the Company's website: www.ashmoregroup.com.

Financial calendar

Announcement of results for year ended 30 June 2014
10 September 2014

First quarter interim management statement
14 October 2014

Annual General Meeting
30 October 2014

Ex-dividend date
5 November 2014

Record date
7 November 2014

Final dividend payment date
5 December 2014

Second quarter AuM statement
January 2015

Announcement of unaudited interim results for the six months ended 31 December 2014
February 2015

Third quarter interim management statement
April 2015

Announcement of results for the year ended 30 June 2015
September 2015

Registrar

Equiniti Registrars
Aspect House
Spencer Road
West Sussex
BN99 6DA

UK shareholder helpline: 0871 384 2812 (Calls to this number cost 8p per minute plus network extras. Lines are open 8.30am to 5.30pm, Monday to Friday).

International shareholder helpline: +44 121 415 7047

Further information about the Registrar is available on their website www.equiniti.com.

Up-to-date information about current holdings on the register is also available at www.shareview.co.uk.

Shareholders will need their reference number (account number) and postcode to view information on their own holding.

Share price information

Share price information can be found at ww.ashmoregroup.com or through your broker.

Share dealing

Shares may be sold through a stockbroker or share dealing service. There are a variety of services available. Equiniti Registrars offer a secure, free and easy-to-use internet-based share dealing service known as Shareview Dealing.

You can log on at www.shareview.co.uk/dealing to access this service, or contact the helpline on 0845 603 7037 to deal by telephone.

You may also use the Shareview service to access and manage your share investments and view balance movements, indicative share prices, information on recent dividends, portfolio valuation and general information for shareholders.

Shareholders must register at www.shareview.co.uk entering the shareholder reference on the share certificate and other personal details.

Having selected a personal PIN, a user ID will be issued by the Registrar.

Electronic copies of the 2014 Annual Report and financial statements and other publications

Copies of the 2014 Annual Report and financial statements, the Notice of Annual General Meeting, other corporate publications, press releases and announcements are available on the Company's website at www.ashmoregroup.com.

Sharegift

Shareholders with only a small number of shares whose value makes them uneconomic to sell may wish to consider donating to charity through Sharegift, an independent charity share donation scheme.

For further information, please either contact the Registrar or see the Sharegift website at www.sharegift.org.

Frequent shareholder enquiries

Enquiries and notifications concerning dividends, share certificates or transfers and address changes should be sent to the Registrar; the Company's governance reports, corporate governance guidelines and the terms of reference of the Board committees can be found on the Company's website at www.ashmoregroup.com.

Notifying the Company of a change of address

You should notify Equiniti Registrars in writing.

If you hold shares in joint names, the notification to change address must be signed by the first-named shareholder. You may choose to do this online, by logging on to www.shareview.co.uk. You will need your shareholder reference number to access this service – this can be found on your share certificate or from a dividend counterfoil.

You will be asked to select your own PIN and a user ID will be posted to you.

Notifying the Company of a change of name

You should notify Equiniti Registrars in writing of your new name and previous name. You should attach a copy of your marriage certificate or your change of name deed, together with your share certificates and any un-cashed dividend cheques in your old name, so that the Registrar can reissue them.

Dividend payments directly into bank or building society accounts

We recommend that all dividend payments are made directly into a bank or building society account. Dividends are paid via BACS, providing tighter security and access to funds more quickly. To apply for a dividend mandate form, contact the Registrar, or you can find one by logging on to www.shareview.co.uk (under Frequently Asked Questions) or by calling the helpline on 0871 384 2812 (Calls to this number cost 8p per minute plus network extras. Lines are open 8.30am to 5.30pm, Monday to Friday).

International shareholder helpline: +44 121 415 7047

Transferring Ashmore Group plc shares

Transferring some or all of your shares to someone else (for example your partner or a member of your family) requires completion of a share transfer form, which is available from Equiniti Registrars. The form should be fully completed and returned with your share certificate representing at least the number of shares being transferred. The Registrar will then process the transfer and issue a balance share certificate to you if applicable. The Registrar will be able to help you with any questions you may have.

Lost share certificate(s)

Shareholders who lose their share certificate(s) or have their certificate(s) stolen should inform Equiniti Registrars immediately by calling the shareholder helpline on 0871 384 2812 (Calls to this number cost 8p per minute plus network extras. Lines are open 8.30am to 5.30pm, Monday to Friday).

International shareholder helpline: +44 121 415 7047

Disability helpline

For shareholders with hearing difficulties a special text phone number is available: +44 (0)871 384 2255.

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