

Registered number: 03049880

RUSSELL INVESTMENTS IMPLEMENTATION SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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RUSSELL INVESTMENTS IMPLEMENTATION SERVICES LIMITED

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RUSSELL INVESTMENTS IMPLEMENTATION SERVICES LIMITED

COMPANY INFORMATION

Directors H Chacholiades
I Bosnjak
D Rae
R Webb
V Barback (appointed 5 December 2022)

Registered number 03049880

Registered office Rex House
10 Regent Street
London
England
SW1Y 4PE

Independent auditors PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

RUSSELL INVESTMENTS IMPLEMENTATION SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The directors present their strategic report on Russell Investments Implementation Services Limited ("the Company") for the year ended 31 December 2022.

Business review

The Company's principal activity is the provision of Transition Management, Portfolio Implementation and Overlay Services. The Company is regulated by the Financial Conduct Authority ("FCA") and is authorised to carry on investment business. Its principal source of revenue is fee income for the provision of Transition Management, Portfolio Implementation and Overlay Services.

The Company had total turnover of £10.8 million (2021: £14.0 million). There has been a decrease in Transition Management revenue of £3.7 million this year as a result of challenging economic conditions, offset by an increase of £0.4 million in Overlay Services. The Company has total equity at the year end of £6.0 million (2021: £9.4 million).

The War in Ukraine, supply chain issues and the continuing economic impact of the COVID-19 pandemic have led to a sharp increase in inflation. This has resulted in a rise in interest rates and fluctuations in the global stock markets. Despite this volatility, there was no material interruption to the Company's business.

The Company continues to adopt a hybrid working model following the outbreak of COVID-19 which enables it to attract and retain key members of staff and allows for the management of business from multiple locations.

RUSSELL INVESTMENTS IMPLEMENTATION SERVICES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and financial risks

The management of the business and the execution of the Company's strategy are subject to a number of risks.

The key business risks relate to competition and staff retention:

Competition - competition within this sector continues to be high. The Company believes that by using innovative tools and techniques, it can provide customised solutions for its clients that will help improve performance, while simultaneously reducing exposure to unintended risk.

Staff retention - the financial services industry is an extremely competitive market and the Company recognises the need to employ and retain the best talent available. The Company has a genuine focus on its associates and is committed to providing a rewarding and stimulating environment for all its employees.

The Company is also exposed to financial risk through its financial assets and financial liabilities. The most important components of this financial risk are credit risk, interest rate risk, liquidity risk, foreign exchange risk and market price risk:

Credit risk - credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Company manages the risk by a combination of active credit control and client diversification.

Interest rate risk - the interest bearing assets are cash at bank and a long term intercompany receivable. These are monitored on an ongoing basis.

Liquidity risk - the Company monitors its ability to meet liabilities when due on a daily basis. Daily bank reconciliations are performed and are used as a control in managing the Company's liquidity.

Foreign exchange risk - the Company has exposure to foreign exchange risk as it earns fees in foreign currencies from several foreign clients. The Company does not have a hedging policy in place, but monitors the level of foreign exchange risk on an ongoing basis.

Market price risk - this risk may impact the assets under management on which we earn our investment management fees. This is managed by diversification of the products which are offered.

Coronavirus ("COVID-19") risk - The Company continues to monitor the ongoing risk of the global pandemic. The Company has a robust global business continuity program that included incident management/crisis management, life safety and facilities. Our business continuity program contains over 65 individual plans, one for each key global or regional business unit.

Geopolitical risk - Sanctions orders evolved significantly in early 2022. The Company regularly monitors jurisdictional sanctions lists, including any newly added names or identifiers. The Company has implemented controls to comply with sanctions as applicable by jurisdiction.

Financial key performance indicators

Given the straightforward nature of the Company, the Directors are of the opinion that an analysis using KPIs is not necessary to gain an understanding of the business.

RUSSELL INVESTMENTS IMPLEMENTATION SERVICES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Section 172(1) statement

This statement is made for the purpose of section 172(1) statement required under section 414CZA(1) of the Companies Act 2006. The financial services regulatory requirements and expectations to which the Company is subject provide a framework for the Company to demonstrate how the board makes decisions for the long term success of the Company and its stakeholders, including having regard to how the board makes sure the Company complies with the requirements of section 172 of the Companies Act 2006.

Section 172 of the Companies Act

Duty to promote the success of the company

A Director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to –

- a) the likely consequences of any decision in the long term,
- b) the interests of the company's employees,
- c) the need to foster the company's business relationships with suppliers, customers and others,
- d) the impact of the company's operations on the community and the environment,
- e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- f) the need to act fairly as between members of the company.

Considering consequences of decisions in the long term

Our business is one which depends upon long term relationships with clients and intermediaries. Forward looking planning and decision making is therefore essential for the ongoing viability of the Company. Decision making and planning of the directors takes into consideration (amongst other things) the following long-term factors:

- Anticipating client's needs,
- Anticipating changes to Laws and regulation which may affect the future operations of the Company,
- Developing new business lines and enhancing existing business operations,
- Investing in IT, Communications and Security infrastructure,
- Investing in strong sales and portfolio management teams,
- Incorporating sustainability as a central pillar of our business,
- Retaining staff

Considering the interest of the Company's employees

Staff development and retention is an essential consideration for the senior management (and ultimately the directors) of the Company. The Company has committed itself to a diversity and inclusion council who set out to increase diversity and inclusion among the Company's associates through the support of the Executive Committee and sponsorship of the various associate resource groups. Diversity and inclusion is made up of five subgroups, Wellbeing, Multicultural, Career development, LGBT+ and Gender Equality.

The committee's objectives are as follows:

- Promote recruitment and retention practices that focus on tapping into top talent across diverse constituency groups.
- Endorse suitable education, training, development and mentoring possibilities for our diverse group of associates.
- Promote a diverse and inclusive work environment where all associates feel respected and valued.
- Encourage community involvement related to the promotion of diversity and inclusion.

RUSSELL INVESTMENTS IMPLEMENTATION SERVICES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

The Company has introduced a number of initiatives/policies designed to improve the quality of the working lives of its employees including wellness days and activities, mental health awareness and support for gender equality.

Considering the need to foster the Company's business relationships with suppliers, customers and others

In common with all service-based businesses, the Company's ability to build and maintain trusted long-term relationships with clients and intermediaries is essential to the economic viability of the Company. Decisions by the board of directors focus on the high-level key infrastructure required to ensure that our clients and distribution network remain happy with the level and quality of service provided to them, including:

- that appropriately qualified and experienced staff are employed to service clients,
- that an appropriate control infrastructure (risk, compliance, finance, legal, etc.) is in place to monitor the standard and quality of service provided to clients,
- that an appropriate operational infrastructure (including internal and outsourced functions) is in place to support the services provided to clients.
- with regards to suppliers, the focus of the Board of Directors is based on selecting and monitoring the quality of key third parties who provide services to the Company in the normal course of its business (IT platforms, middle office providers, advisory consultants etc.).

Considering the impact of the Company's operations on the community and the environment

The business has introduced an increasing number of environmentally responsible programs. Together, each initiative is designed to ensure we reduce waste and emissions, and promote sustainable practices.

The Company as a whole is reducing greenhouse gas emissions: many of our offices have sustainability certifications and ratings, reflecting how they limit greenhouse gases.

Ongoing projects include:

- Lowering energy and water consumption: a voluntary program of improved energy efficiency and reduced water consumption is in place.
- Managing waste and materials: we are committed to reducing and recycling non-hazardous waste
- Using recycled materials: we incorporate recycled materials within our working environment, wherever possible
- Promoting paperless environments: for example, introducing electronic supply-chain transactions

Considering the desirability of the Company maintaining a reputation for high standards of business conduct

Trusted long term relationships with clients is essential to the economic viability of the Company. The Company's reputation in terms of compliance with laws, performance and quality of services is central to creating and maintaining these relationships. Maintaining this reputation is a key consideration for the board of directors of the Company.

This report was approved by the board on 20 April 2023 and signed on its behalf.


H Chacholiades
Director

RUSSELL INVESTMENTS IMPLEMENTATION SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the audited financial statements for the year ended 31 December 2022.

Results and dividends

The profit for the year, after taxation, amounted to £1,538,290 (2021 - £3,790,285).

The directors declared and paid a dividend of £5,000,000 (2021: £7,500,000). There have been no further dividends declared before the date of the approval of the financial statements.

Matters covered in the Strategic report

Financial management risk policies are covered in "Principal risks and uncertainties" section of the strategic report.

Future developments

The Company is optimistic about its future prospects and will look to proactively grow the business in 2023 into new and existing markets. The Company has a recently enhanced sales structure, enabling it to focus on core solutions in addition to identifying new product opportunities.

Pillar 3

In accordance with the rules of the Financial Conduct Authority, the Company has published information on its risk management objectives and policies, remuneration disclosure policy and on its regulatory capital requirements and resources. This information is available on the Company's website - <https://russellinvestments.com/-/media/files/emea/legal/risl-pillar-3.pdf>.

Directors

The directors who served during the year were:

H Chacholiades

I Bosnjak

D Rae

R Webb

K Klingert (resigned 1 October 2022)

V Barback (appointed 5 December 2022)

No director was at 31 December 2022, or at any time during the year then ended, beneficially interested in any shares of the Company or its UK parent company.

Qualifying third party indemnity provisions

As permitted by the Articles of Association, each of the Directors has the benefit of an indemnity which is a qualifying third-party indemnity as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the respective period of Directorship during the last financial year, and is currently in force. The Company purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

RUSSELL INVESTMENTS IMPLEMENTATION SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

Directors confirmations

In the case of each director in office at the date the Directors' Report is approved:

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

Engagement with suppliers, customers and others

The Director's Report must contain a statement summarising how the Directors of the Company have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year. This information has been included within the Section 172(1) Statement included in the Strategic Report to better link it to the wider information provided in relation to the way in which the Directors have had regard to the matters set out in Section 172(1)(a) to (f) of the Companies Act (which includes, inter alia, the way in which the Directors consider the need to foster the Company's business relationships with suppliers, customers and others).

RUSSELL INVESTMENTS IMPLEMENTATION SERVICES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 20 April 2023 and signed on its behalf.



**H Chacholiades
Director**

Independent auditors' report to the members of Russell Investments Implementation Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, Russell Investments Implementation Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the annual report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2022; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Financial Conduct Authority,

and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue. Audit procedures performed by the engagement team included:

- Discussions with management involved in Risk and Compliance functions and the company's Legal function, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes including those of the Board of Directors;
- Identifying and testing journal entries, in particular any journal entries posted with unusual words, unusual account combinations, or unusual dates; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Jamie Smith (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Bristol

21 April 2023

RUSSELL INVESTMENTS IMPLEMENTATION SERVICES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Turnover	4	10,761,522	13,999,300
Gross profit		10,761,522	13,999,300
Administrative expenses		(9,659,894)	(9,449,552)
Operating profit	5	1,101,628	4,549,748
Interest receivable and similar income	9	252,945	130,193
Profit before tax		1,354,573	4,679,941
Tax on profit	10	183,717	(889,656)
Profit for the financial year		1,538,290	3,790,285
Total comprehensive income for the year		1,538,290	3,790,285

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

The notes on pages 15 to 27 form part of these financial statements.

RUSSELL INVESTMENTS IMPLEMENTATION SERVICES LIMITED
REGISTERED NUMBER: 03049880

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Current assets			
Debtors	12	5,390,739	5,323,452
Cash at bank and in hand	13	2,357,847	6,216,873
		<u>7,748,586</u>	<u>11,540,325</u>
Creditors: amounts falling due within one year	14	(1,669,191)	(2,046,141)
Net current assets		<u>6,079,395</u>	<u>9,494,184</u>
Total assets less current liabilities		<u>6,079,395</u>	<u>9,494,184</u>
Creditors: amounts falling due after more than one year	15	(31,560)	(48,493)
Net assets		<u><u>6,047,835</u></u>	<u><u>9,445,691</u></u>
Capital and reserves			
Called up share capital	18	750,000	750,000
Contributed Surplus/(Deficit)	19	82,932	19,078
Other reserves	19	1,259,697	1,259,697
Profit and loss account	19	3,955,206	7,416,916
Total equity		<u><u>6,047,835</u></u>	<u><u>9,445,691</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 April 2023.



H Chacholiades
Director

The notes on pages 15 to 27 form part of these financial statements.

RUSSELL INVESTMENTS IMPLEMENTATION SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £	Contributed surplus £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2021	750,000	(39,335)	1,259,697	11,126,631	13,096,993
Comprehensive income for the year					
Profit for the financial year	-	-	-	3,790,285	3,790,285
Increase in contributed surplus	-	58,413	-	-	58,413
Dividends: Equity capital	-	-	-	(7,500,000)	(7,500,000)
At 31 December 2021	750,000	19,078	1,259,697	7,416,916	9,445,691
Comprehensive income for the year					
Profit for the financial year	-	-	-	1,538,290	1,538,290
Increase in contributed surplus	-	63,854	-	-	63,854
Dividends: Equity capital	-	-	-	(5,000,000)	(5,000,000)
At 31 December 2022	750,000	82,932	1,259,697	3,955,206	6,047,835

The notes on pages 15 to 27 form part of these financial statements.

RUSSELL INVESTMENTS IMPLEMENTATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Russell Investments Implementation Services Limited is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is Rex House, 10 Regent Street, London, England, SW1Y 4PE.

The principal activity for the Company is the provision of Transition Management, Portfolio Implementation and Overlay Services.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

These financial statements are prepared on the going concern basis.

The following principal accounting policies have been applied consistently:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Russell Investments Group Limited as at 31 December 2022 and these financial statements may be obtained from PO Box 309, Ugland House, Grand Cayman, KY1 - 1104, Cayman Islands.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue comprises fee income receivable from the provision of transition management, portfolio implementation and overlay services.

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied: the amount of revenue can be measured reliably; it is probable that the Company will receive the consideration due under the contract; the stage of completion of the contract at the end of the reporting period can be measured reliably, and; the costs incurred and the costs to complete the contract can be measured reliably.

RUSSELL INVESTMENTS IMPLEMENTATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.4 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.5 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.6 Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

RUSSELL INVESTMENTS IMPLEMENTATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.7 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.8 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.9 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

RUSSELL INVESTMENTS IMPLEMENTATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.11 Benefit plans

The Company participates in a cash incentive plan for certain employees:

The Company also participates in a Long-Term Equity-Based Incentive Plan for eligible employees, the Russell Investments Equity Incentive Plan ("RIEIP"). The Equity awards are measured at fair value as of the grant dates and the resulting cost is recognised as an expense over the period from the date of grant to the date of vesting. The Equity awards vest when they are no longer contingent upon the employee providing additional service, or upon retirement.

2.12 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

2.13 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

RUSSELL INVESTMENTS IMPLEMENTATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The following judgements were used in applying accounting policies and key sources of estimation uncertainty:

(a) Critical judgements in applying the entity's accounting policies:

There have been no critical judgements in applying the entity's accounting policies.

(b) Critical accounting estimates and assumptions:

The Company participates in a Long-Term Equity-Based Incentive Plan for eligible employees, the Russell Investments Equity Incentive Plan ("RIEIP"). The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instrument at the date at which they are granted. Estimating fair value for share-based payments transactions requires determining the most appropriate valuation model, which is dependent upon the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected term of the share option, the expected volatility, the expected dividend yield and expected forfeiture rates.

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Transition Management, Portfolio Implementation and Overlay Services	10,761,522	13,999,300
	<u>10,761,522</u>	<u>13,999,300</u>

Turnover arose 55.9% (2021: 49.1%) within the United Kingdom, 21.6% (2021: 28.8%) within Northern Europe, 11.4% (2021: 12.2%) within France and 11.1% (2021: 9.9%) in the rest of the world.

5. Operating profit

The operating profit is stated after charging/(crediting):

	2022 £	2021 £
Fees payable to the Company's auditors and its associates for the audit of the Company's annual financial statements	27,278	27,278
Exchange differences	(106,904)	55,673
Other pension costs	<u>242,596</u>	<u>218,117</u>

RUSSELL INVESTMENTS IMPLEMENTATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

6. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors:

	2022 £	2021 £
Fees payable to the Company's auditors for the audit of the Company's financial statements	27,278	27,278

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated financial statements of the parent Company.

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2022 £	2021 £
Wages and salaries	3,195,938	3,351,136
Social security costs	419,729	402,830
Other pension costs	242,596	218,117
	<u>3,858,263</u>	<u>3,972,083</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2022 No.	2021 No.
Sales, Marketing & Client Service	<u>28</u>	<u>27</u>

RUSSELL INVESTMENTS IMPLEMENTATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

8. Directors' remuneration

None of the directors are employed by the Company. Directors' remuneration is paid and borne by other Group Companies.

	2022 £	2021 £
Directors' emoluments	708,526	651,046
Company contributions to defined contribution pension schemes	35,979	35,695
	<u>744,505</u>	<u>686,741</u>

During the year retirement benefits were accruing to 4 directors (2021 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £361,562 (2021 - £332,643).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,000 (2021 - £10,000).

During the year 2 directors received shares under the long-term incentive schemes (2021 -2)

9. Interest receivable and similar income

	2022 £	2021 £
Interest receivable from group companies	204,701	125,815
Other interest receivable	48,244	4,378
	<u>252,945</u>	<u>130,193</u>

RUSSELL INVESTMENTS IMPLEMENTATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

10. Tax on profit

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	-	903,507
Adjustments in respect of previous periods	(182,052)	1,994
	<u>(182,052)</u>	<u>905,501</u>
Total current tax	<u>(182,052)</u>	<u>905,501</u>
Deferred tax		
Origination and reversal of timing differences	(1,665)	(15,845)
Total deferred tax	<u>(1,665)</u>	<u>(15,845)</u>
Tax on profit	<u>(183,717)</u>	<u>889,656</u>

Factors affecting tax (credit)/charge for the year

The tax assessed for the year is lower than (2021 - *higher than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit before tax	<u>1,354,573</u>	<u>4,679,941</u>
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	257,369	889,189
Effects of:		
Capital allowances for year in excess of depreciation	-	(88)
Adjustments in respect of previous periods	(182,052)	1,994
Other timing differences leading to an increase in taxation	8,958	14,406
Origination and reversal of timing differences	(1,665)	(15,845)
Group relief	(266,327)	-
Total tax (credit)/charge for the year	<u>(183,717)</u>	<u>889,656</u>

Factors that may affect future tax charges

An increase in the UK corporation tax rate from 19% to 25% with effect from 1 April 2023 was enacted by the balance sheet date.

RUSSELL INVESTMENTS IMPLEMENTATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

11. Dividends

	2022 £	2021 £
£6.67 (2021 - £10) per £1 ordinary share	5,000,000	7,500,000
	<u>5,000,000</u>	<u>7,500,000</u>

12. Debtors

	2022 £	2021 £
Amounts owed by group undertakings	4,424,711	4,320,883
Deferred taxation	21,376	19,711
Prepayments and accrued income	944,652	982,858
	<u>5,390,739</u>	<u>5,323,452</u>

13. Cash at bank and in hand

	2022 £	2021 £
Cash at bank and in hand	2,357,847	6,216,873
	<u>2,357,847</u>	<u>6,216,873</u>

14. Creditors: Amounts falling due within one year

	2022 £	2021 £
Amounts owed to group undertakings	602,768	125,650
Corporation tax	-	412,507
Other taxation and social security	182,270	241,377
Accruals and deferred income	884,153	1,266,607
	<u>1,669,191</u>	<u>2,046,141</u>

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

RUSSELL INVESTMENTS IMPLEMENTATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

15. Creditors: Amounts falling due after more than one year

	2022 £	2021 £
Accruals and deferred income	31,560	48,493
	<u>31,560</u>	<u>48,493</u>

16. Financial instruments

	2022 £	2021 £
Financial assets		
Financial assets measured at fair value through profit or loss	2,357,847	6,216,873
Financial assets that are debt instruments measured at amortised cost	4,424,711	4,320,883
	<u>6,782,558</u>	<u>10,537,756</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(1,518,481)</u>	<u>(1,440,750)</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise amounts owed to group undertakings and accruals and deferred income.

17. Deferred taxation

	2022 £	2021 £
At beginning of year	19,711	3,866
Credited to the profit or loss	1,665	15,845
At end of year	<u>21,376</u>	<u>19,711</u>

RUSSELL INVESTMENTS IMPLEMENTATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

17. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2022 £	2021 £
Long term incentive schemes	21,376	19,711
	<u>21,376</u>	<u>19,711</u>

A deferred tax asset has been recognised on temporary differences in respect of unpaid long term incentive plans. An increase in the UK corporation tax rate from 19% to 25% with effect from 1 April 2023 was enacted by the balance sheet date.

The directors have recognised the deferred tax asset because they consider that it is more likely than not that the Company will make sufficient profits in the future against which the deferred tax asset will be able to unwind.

18. Called up share capital

	2022 £	2021 £
Allotted, called up and fully paid		
750,000 (2021 - 750,000) Ordinary shares of £1.00 each	750,000	750,000
	<u>750,000</u>	<u>750,000</u>

19. Reserves

Other reserves

Other reserves represent capital contributions from the parent company, Russell Investments Systems Limited.

Contributed surplus

Contributed surplus with respect to long term incentive plans.

Profit and loss account

The Company's cumulative earnings that have not been distributed as dividends.

RUSSELL INVESTMENTS IMPLEMENTATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

20. Benefit Plans

Russell Investments Equity Incentive Plan ("RIEIP"):

The Company participates in the RIEIP covering eligible employees. An RIEIP is a contractual right to acquire an ordinary share of Russell Investments Group Limited, the ultimate parent company of the group, upon the exercise of the option once the option has vested. The options are split into time vesting and performance vesting options. The options that time vest generally vest over five years: 40% on the second anniversary date, and thereafter the remaining 60% vests in 36 equal monthly instalments. The options that vest based upon performance vest 1/3 on the applicable earned reference date and the remaining 2/3 vest in two equal instalments on each of the first anniversary and second anniversary of the earned reference date.

The company estimates the fair value of the options using the Black-Scholes option pricing model, which requires, among other inputs, an estimate of the fair value of the company's ordinary shares on the date of grant and the expected volatility of the shares over the expected term of the related grants. Options are granted with an exercise price equal to the per share fair value of the ordinary shares at the date of grant. The company has determined that it was not practicable to calculate the volatility of its share price since its securities are not publicly traded and therefore there is no readily determinable market value for the shares. The company instead estimates its expected volatility based on reported market value data for a group of publicly traded companies, which it selected from certain market indices, that the company believes are relatively comparable after consideration of their size, stage of lifecycle, profitability, growth and risk and return on investment. The company uses the average expected volatility rates reported by the comparable group for the expected terms it estimates.

The expected terms of the share options are derived from the average midpoint between the vesting and contractual term. The risk-free rate for the expected term of the awards is based on the U.S. Treasury yield curve at the time of grant. The expected annual dividend yield was based on the company's current dividend yield. The Company records the expense net of expected forfeitures. The expense for the year ended 31 December 2022 was reduced by an estimated forfeiture rate of 3%.

For the year ended 31 December 2022, the Company recognised an expense of \$77,877 (£63,853) in respect of the Long-Term Incentive Plan. At 31 December 2022, the Company's total unrecognised compensation cost related to non-vested awards was \$84,191 (£69,990) which will be recognised over the weighted-average remaining requisite service period of 3.17 years.

For time vesting options, there were no options granted in the year, 12,056 options brought forward and therefore 12,056 options are outstanding at 31 December 2022.

For performance vesting options, there were no options granted in the year and no options brought forward and therefore no options are outstanding at 31 December 2022.

21. Consolidated Supervision

The Company is subject to the consolidated capital requirements of the Financial Conduct Authority.

22. Pension commitments

The Company operates a defined contribution, discretionary pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund of £242,596 (2021 - £218,117). Contributions totalling £Nil (2021: £Nil) were payable to the fund at the year-end and are included in other creditors.

RUSSELL INVESTMENTS IMPLEMENTATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

23. Controlling party

The immediate parent undertaking of Russell Investments Implementation Services Limited is Russell Investments Systems Limited registered in England. Copies of the Company's financial statements can be obtained from Rex House, 10 Regent Street, London, England, SW1Y 4PE.

The ultimate parent undertaking is Russell Investments Group Limited, incorporated in Cayman. This represents both the largest and smallest group to prepare consolidated financial statements. Copies of these financial statements can be obtained from PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The financial statements will also be publicly available at Companies House. In common with other group companies, the Company participates in transactions with its immediate holding company.

Russell Investments Group Limited is majority owned by funds managed by TA Associates with minority stakes being held by funds managed by Reverence Capital Partners, Hamilton Lane Advisors and Russell Investments' management.