

# Lansdowne Partners (UK) LLP

Registration number: OC388966

## Members' Report and Financial Statements

For the year ended 31 March 2020

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# Lansdowne Partners (UK) LLP

Registration No: OC388966

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## **Administrative information**

### **Designated members**

Lansdowne Partners Limited  
Peter Davies (appointed 1 April 2019)  
Stuart Roden (resigned 1 April 2019)

### **Auditors**

Ernst & Young LLP  
25 Churchill Place  
Canary Wharf  
London E14 5EY

### **Bankers**

Barclays Bank PLC  
1 Churchill Place  
London E14 5HP

### **Solicitors**

Simmons & Simmons LLP  
CityPoint, 1 Ropemaker Street  
London EC2Y 9SS

### **Registered office**

15 Davies Street  
London W1K 3AG

## Members' report

The designated members present their report and the audited financial statements of Lansdowne Partners (UK) LLP ("the LLP") for the year ended 31 March 2020.

### Incorporation and commencement

The LLP was incorporated on 5 November 2013 and was authorised by the Financial Conduct Authority (FCA) on 1 July 2014.

### Principal activity and review of the business

The LLP achieved a profit of £49,197,153 for the year ended 31 March 2020 (£90,702,166 for the year ended 31 March 2019).

The principal activity of the LLP is the provision of investment management services. The LLP is authorised and regulated by the Financial Conduct Authority (the "FCA") and registered as an investment adviser with the U.S. Securities and Exchange Commission.

The designated members are satisfied with the result for the year ended 31 March 2020 and the financial position of the LLP at the year end, noting the reduction in profits during the year related principally to a decline in client funds under management and a consequent reduction in management fee income.

Disclosure of the LLP's capital, risk exposures and risk assessment process in accordance with the FCA rules on Pillar 3 disclosures is available on the LLP's website: [www.lansdownepartners.com](http://www.lansdownepartners.com) along with the LLP's policy in relation to the UK stewardship code (this information is unaudited).

### Risks and uncertainties

The LLP's income is in the form of management and performance fees in respect of its funds under management. The LLP considers the level and performance of funds under management to be the key performance indicator. The business is subject to the impact of risks associated with market and investment performance on the funds under management and to the risks with the tax and regulatory regimes within which the business operates and risks associated with attracting and retaining the services of key investment executives. From an operational perspective, a potential key risk of the LLP is the non-compliance with applicable regulations. This is managed through regular review of the LLP's compliance framework by management.

In early 2020, the existence of a new coronavirus, now known as COVID-19, was confirmed. Since this time, COVID-19 has spread across a significant number of countries and has been classified as a pandemic by the World Health Organisation. The impact of COVID-19 on the business activities of the LLP together with the factors likely to affect its future development, performance and financial position are indicated in note 1 of the financial statements.

### Future development

The designated members do not anticipate any change in the nature of the LLP's activities in the foreseeable future.

### Going concern

The LLP has sufficient liquid resources and the business has ongoing investment management contracts. The members therefore believe that the LLP has sufficient financial resources to meet its obligations and liabilities as they fall due and to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date that these financial statements were approved.

As referred to above and in note 1 to the financial statements, the designated members have considered the impact of COVID-19 on the LLP's business and operations. After carrying out sensitivity analysis, the designated members believe that the LLP is well placed to manage its business risks successfully in the current economic climate. Accordingly, they continue to adopt the going concern basis in preparing the Members' Report and financial statements.

## Members' report (continued)

### Designated members

The following were designated members during the year and at the date of this report:

Lansdowne Partners Limited  
Peter Davies (appointed 1 April 2019)  
Stuart Roden (resigned 1 April 2019)

### Policy with respect to members' drawings and subscriptions and repayment of members' capital

Policies for members' drawings, subscriptions and repayments of members' capital are governed by the LLP Agreement dated 9 September 2019. In summary, each member shall upon admission to the LLP make a capital contribution of such amount as shall be determined by the First Corporate Member (as defined in the LLP Agreement). No member shall have the right to withdraw or receive back any part of the capital contribution except upon the winding-up of the LLP, on ceasing to be a member or where, notwithstanding such repayment, the LLP will remain in compliance with FCA prudential requirements. Repayment of members' capital is determined at the discretion of the First Corporate Member.

Members are entitled to drawings from the LLP, as described in the LLP Agreement, in anticipation of the allocation of future profits. If drawings are made in excess of allocated profits, the overdrawn balance shall be treated as an interest free loan to the member. If aggregate profit allocations exceed drawings made by members, the residual balance is treated as a loan amount due to the member.

Details of changes in members' capital in the year ended 31 March 2020 are set out in the Reconciliation of movements in members' interests.

Profits are allocated among members in accordance with the LLP Agreement dated 9 September 2019 by the LLP's First Corporate Member.

### Disclosure of information to the auditors

So far as each person who was a member at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow members and the group's auditor, each member has taken all the steps that they are obliged to take as members in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the members



Suzanna Nutton

For and on behalf of Lansdowne Partners Limited, Designated Member

Date: 15 June 2020

## **Statement of designated members' responsibilities**

The designated members are responsible for preparing the Members' Report and the financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 made under the Limited Liability Partnership Act 2000 requires the designated members to prepare financial statements for each financial year. Under that regulation the designated members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' and applicable law. Under the regulation the designated members 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 LLP and of the profit or loss of the LLP for that period. In preparing those financial statements, the designated members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The designated members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Independent auditor's report

## to the members of Lansdowne Partners (UK) LLP

We have audited the financial statements of Lansdowne Partners (UK) LLP for the year ended 31 March 2020 which comprise the statement of comprehensive income, the Statement of financial position, the Reconciliation of movements in members' interests, and the related notes 1 to 8, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland.

In our opinion the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. *The members are responsible for the other information.*

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion 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.

# **Independent auditor's report (continued)**

to the members of Lansdowne Partners (UK) LLP

## **Other information (continued)**

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

## **Responsibilities of members**

As explained more fully in the Statement of designated members' responsibilities set out on page 4, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members 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 members are responsible for assessing the partnership'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 members either intend to liquidate the partnership or to cease operations, or have no realistic alternative but to do so.

## **Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



## **Independent auditor's report (continued)** **to the members of Lansdowne Partners (UK) LLP**

### **Use of our report**

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to Limited Liability Partnerships. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Ernst + Young LLP.*

Michael Gaylor (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
Date: 16 June 2020

**Statement of Comprehensive Income**

for the year ended 31 March 2020

		2020	2019
		£	£
<b>Turnover</b>	2	105,865,587	157,568,060
<b>Expenses</b>			
Operating expenses		(56,754,170)	(66,991,280)
		-----	-----
<b>Operating profit</b>	3	49,111,417	90,576,780
Interest receivable		85,736	125,386
		-----	-----
<b>Profit available for distribution among members</b>		49,197,153	90,702,166
		=====	=====

During the year, the LLP incurred no other comprehensive income (2019: £nil). Accordingly the profit for the year is equivalent to the total comprehensive income.

All amounts relate to continuing operations.

**Statement of financial position**

at 31 March 2020

	<i>Notes</i>	<i>2020</i> £	<i>2019</i> £
<b>Current assets</b>			
Debtors	5	20,749,070	29,018,754
Cash and cash equivalents		<u>7,102,209</u>	<u>22,139,234</u>
		27,851,279	51,157,988
<b>Creditors: amounts falling due within one year</b>			
	6	(1,490,378)	(12,807,184)
<b>Net assets attributable to members</b>		<u>26,360,901</u>	<u>38,350,804</u>
<b>Represented by:</b>			
Loans and other debts due to members within one year		18,509,801	30,459,704
<b>Members' other interests</b>			
Members' capital, classified as equity		7,851,100	7,891,100
		<u>26,360,901</u>	<u>38,350,804</u>
<b>Total members' interests</b>			
Loans and other debts due to members		18,509,801	30,459,704
Members' capital		<u>7,851,100</u>	<u>7,891,100</u>
		<u>26,360,901</u>	<u>38,350,804</u>

The financial statements on pages 8 to 14 were approved and authorised for issue by Lansdowne Partners Limited, the First Corporate Member, on behalf of the members on 15 June 2020 and were signed on their behalf by:



Suzanna Nutton

For and on behalf of Lansdowne Partners Limited, Designated Member

Notes 1 to 8 form an integral part of these financial statements.

**Reconciliation of movements in members' interests**

for the year ended 31 March 2020

	<i>Members' capital (classified as equity)</i>	<i>Other reserves</i>	<i>Total members' other interests</i>	<i>Loans and other debts due to/(from) members</i>	<i>Total</i>
	£	£	£	£	£
Members' interests as at 1 April 2018	7,771,100	-	7,771,100	44,466,816	52,237,916
Profit for the year	-	90,702,166	90,702,166	-	90,702,166
Profit allocated to members	-	(90,702,166)	(90,702,166)	90,702,166	-
Contribution by members	120,000	-	120,000	-	120,000
Other transactions with members	-	-	-	(3,648,617)	(3,648,617)
Distributions	-	-	-	(101,060,661)	(101,060,661)
Members' interests as at 1 April 2019	7,891,100	-	7,891,100	30,459,704	38,350,804
Profit for the year	-	49,197,153	49,197,153	-	49,197,153
Profit allocated to members	-	(49,197,153)	(49,197,153)	49,197,153	-
Contribution by members	3,700,000	-	3,700,000	-	3,700,000
Withdrawal by members	(3,740,000)	-	(3,740,000)	-	(3,740,000)
Other transactions with members	-	-	-	132,794	132,794
Distributions	-	-	-	(61,279,850)	(61,279,850)
Members' interests as at 31 March 2020	7,851,100	-	7,851,100	18,509,801	26,360,901

Amounts owed to individual members (per above) 18,509,801

## Notes to the financial statements

for the year ended 31 March 2020

### 1. Accounting policies

#### **Statement of compliance**

The LLP is a limited liability partnership incorporated in England and Wales. The registered office of the LLP is 15 Davies Street, London, W1K 3AG.

The LLP's financial statements have been prepared in accordance with FRS 102 as it applies to these financial statements for the year ending 31 March 2020 and in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

#### **Financial reporting standard 102 – reduced disclosure exemptions**

The LLP has taken advantage of the following disclosure exemptions in preparing the financial statements, as permitted by the FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”: the requirements of Section 3 Financial Statement Presentation and Section 7 Statement of Cash flows to include a Statement of cash flows in the financial statements. The information is included in the consolidated financial statements of Lansdowne Partners Limited as at 31 March 2020 and these financial statements may be obtained from [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk).

#### **Basis of preparation**

The financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with applicable UK accounting standards and the requirements of the Statement of Recommended Practice ‘Accounting for Limited Liability Partnerships’ issued in December 2018.

In early 2020, the existence of a new coronavirus, now known as COVID-19, was confirmed. Since this time, COVID-19 has spread across a significant number of countries and has been classified as a pandemic by the World Health Organisation. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The effects of COVID-19 have and may continue to adversely affect the global economy and the economies of certain nations, including those that the LLP and the funds managed by the LLP operate within.

The LLP's operational infrastructure has continued uninterrupted during this period, with the majority of the LLP's staff working from home following governmental guidance in the United Kingdom.

The members continue to monitor the impact that the COVID-19 pandemic has on the LLP. Whilst it is not possible to precisely quantify the overall impact of COVID-19, the members believe the principal risk to the LLP relates to a potential reduction in assets under management, and therefore management fee income, as a result of the uncertainty in financial markets that COVID-19 has caused.

As at 31 March 2020, the LLP's assets under management amounted to US\$10.2bn. The members have undertaken stressed scenario and sensitivity analysis of the LLP's future financial performance and position, including the impact of a 20%, 35% and 50% reduction in the LLP's assets under management from this date. The results of these stress tests indicate, in each case, that the LLP would continue to be profitable, would retain sufficient liquidity and would be able to meet regulatory capital requirements.

The principal accounting policies are set out below and have been consistently applied throughout the year.

#### **Turnover and revenue recognition**

Turnover, which is stated net of any value added tax, represents investment management and performance fees derived from funds under management net of rebates given. Fees are recognised on an accruals basis when the LLP obtains the right for consideration in exchange for its performance of services.

## Notes to the financial statements

for the year ended 31 March 2020

### 1. Accounting policies (continued)

#### ***Commitments and Contingencies***

Included within Turnover are amounts paid by the funds managed and the managed accounts for research costs incurred in the delivery of investment management services. These amounts are recognised when they become due and payable.

#### ***Debtors***

Debtors are measured at fair value on initial recognition which equates to the amount expected to be receivable on settlement of the asset. Amounts are assessed for impairment with any impairment recognised in the Statement of Comprehensive Income.

#### ***Creditors***

Creditors are initially measured at fair value which approximates to the amount expected to be required to settle the obligations on behalf of the LLP.

#### ***Expenses***

Expenses incurred have been recognised on an accruals basis.

#### ***Taxation***

No provision has been made for taxation in the financial statements. Each member is exclusively liable for any tax liabilities arising out of their interest in the LLP. Tax is assessed on the individual members and not on the LLP.

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

The LLP's functional and presentational currency is British Pound Sterling. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rates of exchange ruling at the date of the transaction. All exchange differences are taken to the income statement.

#### ***Members' profit allocation***

A member's share in the profit or loss for the year is accounted for as an allocation of profits or losses. Any unallocated profit and losses are distributed to members in the following accounting period. Unpaid allocated profits and drawings in excess of profits allocated are included within loans and other debts due to/from members and treated as an interest free loan. Drawings in advance of profit allocation are recognised within loans and other debts due to/from members.

#### ***Members' capital***

Members' capital is divided between debt and equity in accordance with the requirements of FRS 102. Accordingly members' capital is classified as either debt or equity in accordance with the substance of the contractual arrangements for the provision of capital in accordance with the Partnership Agreement. Capital contributed which obliges the LLP to repay the amounts to the member is separately classified as debt within the financial statements.

#### ***Key judgements and estimates***

In applying the LLP's accounting policies, the members may be required to make judgements and estimates that could impact the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year.

The members' estimates are based on the evidence available at the time; including historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such estimates, the actual results and outcomes may differ. Estimates are reviewed on an ongoing basis and revisions to accounting estimates are recognised in the year in which the estimate is revised. The members are not aware of any significant sources of estimation uncertainty in the preparation of these financial statements.

## Notes to the financial statements

for the year ended 31 March 2020

### 2. Turnover

Turnover is attributable to one continuing activity, the provision of investment management and related services. An analysis of the LLP's turnover by geographical market for the year is as follows:

	2020	2019
	£	£
Americas	89,536,353	131,786,876
Europe	12,339,544	16,983,798
Rest of the world	3,989,690	8,797,386
	<u>105,865,587</u>	<u>157,568,060</u>

Included within turnover is £13,034,928 (2019: £22,945,088) relating to amounts paid by the funds managed and the managed accounts for research costs incurred in the delivery of investment management services.

### 3. Operating profit

	2020	2019
	£	£
This is stated after charging:		
Auditor's remuneration		
- fee payable for audit services (paid by Lansdowne Partners Limited)	20,000	20,000
Gain on foreign exchange	888,369	534,653
	<u>888,369</u>	<u>534,653</u>

Non-audit services payable to the auditor are borne by Lansdowne Partners Limited.

### 4. Members' remuneration

	2020	2019
	£	£
Total profit before members' remuneration and profit share available for distribution among members	49,197,153	90,702,166
Profit for the year allocated to members	<u>49,197,153</u>	<u>90,702,166</u>
Profit in respect of the highest paid member during the year	<u>18,962,606</u>	<u>29,823,118</u>
The average number of members in the year	<u>15</u>	<u>17</u>

### 5. Debtors

	2020	2019
	£	£
Fees receivable	19,825,838	16,140,640
Other debtors	923,232	12,878,114
	<u>20,749,070</u>	<u>29,018,754</u>

## Notes to the financial statements

for the year ended 31 March 2020

### 6. Creditors: amounts falling due within one year

	2020	2019
	£	£
Amount due to Lansdowne Partners Limited Partnership	200	200
Other creditors & accruals	<u>1,490,178</u>	<u>12,806,984</u>
	<u>1,490,378</u>	<u>12,807,184</u>

All amounts from group entities are interest free and repayable on demand.

### 7. Related party transactions

Lansdowne Partners Limited is a designated member of the LLP and Lansdowne Partners Management LLP and the General Partner of Lansdowne Partners Limited Partnership. Lansdowne Partners Limited and Lansdowne Partners Austria GmbH are subsidiaries of Lansdowne Partners International Limited.

During the year,

- (a) operating expenses of £43,801,808 (2019: £44,102,767) were recharged by Lansdowne Partners Limited to the LLP, and
- (b) investment management fees of £69,214,817 (2019: £125,165,569) and support services fee of £392,057 (2019: £355,797) were earned from Lansdowne Partners International Limited and Lansdowne Partners Austria GmbH respectively.

Included in Debtors and Creditors (note 5 and note 6) are:

- £11,866,957 (2019: £12,580,735) due from Lansdowne Partners International Limited; and
- £392,057 (2019: £355,797) due from Lansdowne Partners Austria GmbH;

Included within loans and other debts due to members is £1,734,579 due to Lansdowne Partners Limited (2019: £1,601,786).

The Members are considered to have sole responsibility for the planning, directing and controlling of the activities of the LLP. As a result, the aggregate remuneration payable to key management personnel is disclosed in Note 4.

### 8. Ultimate parent undertaking

The immediate parent company is Lansdowne Partners Limited and the ultimate parent undertaking is Lansdowne Partners International Limited, a company registered in Georgetown, Cayman Islands.