

Registered number: 03941727

LINDSELL TRAIN LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2020

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LINDELL TRAIN LIMITED

COMPANY INFORMATION

Directors	J M Alexandroff (Non Executive) M Lim M J Lindsell J Orr N J Train K J Wilson (appointed 26 November 2019)
Company secretary	M Lim
Registered number	03941727
Registered office	66 Buckingham Gate London SW1E 6AU
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 30 Finsbury Square London EC2A 1AG
Bankers	Royal Bank of Scotland Plc 62/63 Threadneedle Street London EC2R 8LA
Solicitors	Macfarlanes LLP 20 Cursitor Street London EC4A 1LT

LINDSELL TRAIN LIMITED

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LINDSELL TRAIN LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 JANUARY 2020**

Business review

The directors are encouraged by the company's long term performance track record of funds managed which should enhance the company's ability to retain and grow the number of investment mandates and size of its assets under management.

In February 2019, the board passed a resolution in relation to a sub-division of existing shares. The Company's existing share capital consisting of 2,666 ordinary shares of £100 each were each divided into 10 ordinary shares of £10 each in accordance with section 618 of the Companies Act 2006.

Principal risks and uncertainties

The company's principal business risks and uncertainties are legal, credit, market, operations, financial and regulatory risks. These risks are regularly reviewed by senior management to ensure that any risk arising from changes in business operations or external environment are identified and appropriately managed.

Financial key performance indicators

Overall, the company had a positive financial performance with improving fee and operating margins. Funds under management (FUM) increased by 31.9% (2019: 24%) to £21.5 billion (2019: £16.3 billion) through increased net inflows and market value changes. Overall fee revenue for the year rose by 32% (2019: 39%) to £111.9 million (2019: £84.5 million) and 96% of overall fee revenue for the year was earned from recurring fees. Operating profit which is stated before interest income and tax rose 32% (2019: 46%) to £73.2 million (2019: £55.3 million).

Going concern

The company's business activities, together with the factors that will affect trade in the forthcoming year are set out in this strategic report.

The main financial risks arising from the activities of the company are also set out above, together with the company's policies and processes for managing these risks.

The COVID-19 pandemic crisis is having a broad impact on human life, businesses and financial markets worldwide, the extent to which the impact costs cannot be quantified. Whilst the Company's future AUM and profits will be affected from this pandemic, the Board has considered the current cash position of the company and its cash flow forecasts and remains confident that the company will be able to meet its ongoing obligations as they arise for the next twelve months from the date of approval of the financial statements. As a result, the Directors continue to prepare the financial statements on a going concern basis.

LINSELL TRAIN LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2020

Section 172(1) of the Companies Act 2006

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she 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, to have regard, amongst other matters, to the:

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

The Directors of Linsell Train Limited ("the Company") are fully aware of these responsibilities, which are in line with good corporate practice. The Company was founded on the core values of integrity, simplicity, transparency and fairness. These values and principles are very much at the forefront of our minds and this approach extends to our relationship with our employees, shareholders, clients and third parties.

The Company continues to focus on its expertise in managing equity investments with the aim of delivering long-term returns which satisfy the investment objectives of our clients. During the last financial year, the Company generated positive investment returns for its clients, increased its assets under management and increased profits for the Company, which allowed it in turn to increase dividends to shareholders. Key financial performance indicators are outlined in the Strategic Report.

The Board continues to engage fully with its employees and to consider opportunities for improvement. As a long term incentive, key members of staff have been offered the opportunity to buy shares in the company becoming employee shareholders. The Company is regulated by the UK Financial Conduct Authority, which requires employees to maintain high regulatory standards of business conduct. In that respect, the Company has instituted a number of internal policies which set out clearly how we expect employees to act. These include a Code of Ethics together with Anti-Money Laundering, Anti-Bribery and Inducements and Whistle Blowing policies.

In our business dealings and relationships with clients and suppliers, we seek to act with honesty, fairness and integrity. During the year, we reduced standard management fees for all our pooled funds in line with our objective to continue to deliver "value for money" to our investors. We have also implemented Modern Slavery and Human Trafficking and Supplier Payment Practices policies to ensure best practice in managing our business and suppliers.

The Board engages with all stakeholders and considers matters raised by them when making any decisions for the Company. During last year, the Board continued to maintain its policy of paying dividends to shareholders (which amounted to £43,162,540), in line with profits.

We maintain a good corporate governance framework that promotes interaction across our business functions to support the delivery of our strategic and business objectives. Each year the Board regularly reviews strategic, financial and operational performance as well as information covering areas such as key risks and regulatory compliance matters.

This report was approved by the board on 14 May 2020 and signed on its behalf.

Michael Linsell

M J Linsell
Director

LINDELL TRAIN LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JANUARY 2020**

The directors present their report and the financial statements for the year ended 31 January 2020.

Principal activity

The principal activity of the company is the provision of investment management services.

Results and dividends

The company had another profitable result for the year to 31 January 2020 driven by organic growth from a combination of investment performance and net investment inflows.

The profit for the year, after taxation, amounted to £59,646,404 (2019 - £45,000,418).

The company declared and paid the following interim dividends in the year:

First interim dividend of £776 per share on 14 June 2019, paid on 17 June 2019 (£20,688,160);

Second interim dividend of £843 per share on 11 December 2019, paid on 12 December 2019 (£22,474,380).

The total dividend amounted to £43,162,540 (2019: £29,299,340).

Directors

The directors who served during the year were:

J M Alexandroff (Non Executive)

M Lim

M J Lindsell

J Orr

N J Train

K J Wilson (appointed 26 November 2019)

LINDSELL TRAIN LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2020**

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Pillar 3 disclosures

Pillar 3 disclosures can be found on the Company's website at www.lindselltrain.com.

Post balance sheet events

The Company has committed to a new ten year office lease with a five year break commencing 17th February 2020 for a rent of £216,000 per annum.

The Covid-19 pandemic, whose effects first became known in January 2020, is causing severe economic and financial impact across all businesses. The Company continues to operate and service its clients and whilst the directors cannot precisely quantify the impact of the pandemic on the company, at the moment, they do not believe there to be a significant impact on the company and its operations.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

LINSELL TRAIN LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2020

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 14 May 2020 and signed on its behalf.

Michael Lindsell

M J Lindsell
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINDSELL TRAIN LIMITED

Opinion

We have audited the financial statements of Lindsell Train Limited for the year ended 31 January 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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. We are independent of the company 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINDSELL TRAIN LIMITED (CONTINUED)

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

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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. 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 this other information, we are required to report that fact.

We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINDSELL TRAIN LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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 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
- 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.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 4, the directors 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 directors 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINDSELL TRAIN LIMITED (CONTINUED)

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

William Pointon
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

14 May 2020

LINDSELL TRAIN LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JANUARY 2020

	Note	2020 £	2019 £
Turnover	4	111,860,486	84,503,983
Gross profit		111,860,486	84,503,983
Administrative expenses		(38,620,144)	(29,150,233)
Operating profit	5	73,240,342	55,353,750
Interest receivable and similar income	9	415,164	212,060
Profit before tax		73,655,506	55,565,810
Tax on profit	10	(14,009,102)	(10,565,392)
Profit for the financial year		59,646,404	45,000,418
Other comprehensive income for the year			
Total comprehensive income for the year		59,646,404	45,000,418

The notes on pages 14 to 26 form part of these financial statements.

LINDSELL TRAIN LIMITED
REGISTERED NUMBER:03941727

STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	12	60,932	42,529
		<u>60,932</u>	<u>42,529</u>
Current assets			
Debtors: amounts falling due within one year	13	13,538,260	12,725,045
Cash at bank and in hand	14	67,591,967	48,311,110
		<u>81,130,227</u>	<u>61,036,155</u>
Creditors: amounts falling due within one year	15	(14,447,704)	(10,823,363)
Net current assets		<u>66,682,523</u>	<u>50,212,792</u>
Total assets less current liabilities		<u>66,743,455</u>	<u>50,255,321</u>
Provisions for liabilities			
Deferred tax	16	(8,652)	(4,382)
		<u>(8,652)</u>	<u>(4,382)</u>
Net assets		<u><u>66,734,803</u></u>	<u><u>50,250,939</u></u>
Capital and reserves			
Called up share capital	17	266,600	266,600
Profit and loss account	18	66,468,203	49,984,339
		<u><u>66,734,803</u></u>	<u><u>50,250,939</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14 May 2020.

Michael Lindsell

M J Lindsell
Director

The notes on pages 14 to 26 form part of these financial statements.

LINDSELL TRAIN LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2020

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 February 2019	266,600	49,984,339	50,250,939
Comprehensive income for the year			
Profit for the year	-	59,646,404	59,646,404
Total comprehensive income for the year	-	59,646,404	59,646,404
Dividends paid	-	(43,162,540)	(43,162,540)
Total transactions with owners	-	(43,162,540)	(43,162,540)
At 31 January 2020	266,600	66,468,203	66,734,803

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 February 2018	266,600	34,283,261	34,549,861
Comprehensive income for the year			
Profit for the year	-	45,000,418	45,000,418
Total comprehensive income for the year	-	45,000,418	45,000,418
Dividends paid	-	(29,299,340)	(29,299,340)
Total transactions with owners	-	(29,299,340)	(29,299,340)
At 31 January 2019	266,600	49,984,339	50,250,939

The notes on pages 14 to 26 form part of these financial statements.

LINDSELL TRAIN LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	59,646,404	45,000,418
Adjustments for:		
Depreciation of tangible assets	25,846	48,985
Interest received	(415,164)	(212,060)
Taxation charge	14,009,102	10,565,392
(Increase) in debtors	(813,215)	(3,241,338)
Increase in creditors	1,189,267	910,237
Corporation tax (paid)	(11,614,007)	(8,649,875)
Net cash generated from operating activities	62,028,233	44,421,759
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(16,663)
Interest received	415,164	212,060
Net cash from investing activities	415,164	195,397
Cash flows from financing activities		
Dividends paid	(43,162,540)	(29,299,340)
Net cash used in financing activities	(43,162,540)	(29,299,340)
Net increase in cash and cash equivalents	19,280,857	15,317,816
Cash and cash equivalents at beginning of year	48,311,110	32,993,294
Cash and cash equivalents at the end of year	67,591,967	48,311,110
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	67,591,967	48,311,110
	67,591,967	48,311,110

The notes on pages 14 to 26 form part of these financial statements.

LINDELL TRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020

1. General information

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK 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 judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going Concern

The COVID-19 pandemic crisis is having a broad impact on human life, businesses and financial markets worldwide, the extent to which the impact costs cannot be quantified. Whilst the Company's future AUM and profits will be affected from this pandemic, the Board has considered the current cash position of the company and its cash flow forecasts and remains confident that the company will be able to meet its ongoing obligations as they arise for the next twelve months from the date of approval of the financial statements. As a result, the Directors continue to prepare the financial statements on a going concern basis.

2.3 Turnover - investment management and performance fees

Turnover, which is stated net of value added tax is attributable to one continuing activity, the supply of investment management and advisory services.

Periodic investment management fees are accrued on a daily basis and payable in arrears in each calendar month other than one investment advisory mandate, where fees are earned when right to income is established, and are accounted for accordingly. For the avoidance of double charging management fees to Lindsell Train Investment Trust plc (LTIT), the company has agreed to abate the periodic investment management fee it receives indirectly from LTIT by an amount equal to the fees it earns from the portion of Lindsell Train products invested by LTIT. The current investments by LTIT are the Lindsell Train Japanese Equity Fund and the Finsbury Growth & Income Trust of which the company acts as investment manager.

Performance fees are accounted for and become due when the right to income is established. Invoicing occurs annually in accordance with management agreements in place.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

LINDSELL TRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020

2. Accounting policies (continued)

2.4 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Fixtures & fittings	- 3 years
Office equipment	- 3 years
Computer equipment	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.5 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.

2.6 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.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

LINDELL TRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020

2. Accounting policies (continued)

2.7 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 accounts receivable and payable.

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 profit and loss account.

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, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the Statement of financial position 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.

2.8 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.

2.9 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.

2.10 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

LINDSELL TRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020

2. Accounting policies (continued)

2.11 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.

2.12 Interest income

Interest income is recognised on an accrual basis.

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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 Statement of financial position 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.

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

At the year end, the accrued income from management fees are estimated with reference to the Investment Management Agreements.

LINDSELL TRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020

4. Turnover

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

	2020 £	2019 £
Management fees	107,143,637	76,316,670
Performance fees	4,716,849	8,187,313
	<u>111,860,486</u>	<u>84,503,983</u>

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	54,491,208	44,844,822
Rest of Europe	51,686,150	30,120,007
Rest of the world	5,683,128	9,539,154
	<u>111,860,486</u>	<u>84,503,983</u>

5. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	25,846	48,985
Other operating lease rentals	139,062	139,062
Exchange differences	(67,276)	(597,349)
	<u></u>	<u></u>

LINDSELL TRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020

6. Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	21,500	19,500
Fees payable to the company's auditor and its associates in respect of:		
Audit related assurance services	34,750	34,350
Taxation compliance services	5,500	5,500
Tax consultancy	4,800	17,600
All other services	3,000	3,000
	<u>21,500</u>	<u>19,500</u>

7. Staff costs

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

	2020 £	2019 £
Wages and salaries	30,983,727	24,208,567
Social security costs	4,163,718	3,252,260
	<u>35,147,445</u>	<u>27,460,827</u>

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

	2020 No.	2019 No.
Fund Management	6	5
Marketing/Administration/Compliance	14	12
Non-executive director	1	1
	<u>21</u>	<u>18</u>

LINDSELL TRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020

8. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	<u>24,183,999</u>	<u>19,081,955</u>

The highest paid director received remuneration of £10,515,000 (2019 - £8,166,990).

9. Interest receivable

	2020 £	2019 £
Other interest receivable	<u>415,164</u>	<u>212,060</u>

10. Taxation

	2020 £	2019 £
Corporation tax		
UK corporation tax charge on profits for the year at 19% (2019: 19%)	14,004,828	10,569,753
Adjustments in respect of previous periods	4	41
Total current tax	<u>14,004,832</u>	<u>10,569,794</u>
Deferred tax		
Deferred tax - origination and reversal of timing differences	4,270	(4,402)
Total deferred tax	<u>4,270</u>	<u>(4,402)</u>
Taxation on profit on ordinary activities	<u>14,009,102</u>	<u>10,565,392</u>

LINDSELL TRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - the same as) the standard rate of corporation tax in the UK of 19% (2019 - 19 %). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	73,655,506	55,565,810
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	13,994,546	10,557,504
Effects of:		
Other expenditure which is not tax deductible	14,552	7,847
Adjustment in respect of prior periods	4	41
Total tax charge for the year	14,009,102	10,565,392

Factors that may affect future tax charges

The UK corporation tax rate had been reduced from 20% to 19% from April 2017 and will reduce further to 17% from April 2020. In accordance with accounting standards the effect of these rate reductions on deferred tax balances have been reflected in these accounts as the relevant legislation in relation to the reduction in the UK corporation tax rate has been substantively enacted at the balance sheet date.

11. Dividends

	2020 £	2019 £
First interim dividend of £776 per share (2019: £5,250 per share)	20,688,160	13,996,500
Second interim dividend of £843 per share (2019: £5,740 per share)	22,474,380	15,302,840
	43,162,540	29,299,340

LINDSELL TRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020

12. Tangible fixed assets

	Fixtures & fittings £	Office equipment £	Computer equipment £	Total £
Cost				
At 1 February 2019	103,275	139,203	54,577	297,055
Additions	-	44,247	-	44,247
Disposals	(93,286)	(80,048)	(53,196)	(226,530)
At 31 January 2020	9,989	103,402	1,381	114,772
Depreciation				
At 1 February 2019	94,892	105,399	54,235	254,526
Charge for the year on owned assets	3,330	22,286	230	25,846
Disposals	(93,286)	(80,049)	(53,197)	(226,532)
At 31 January 2020	4,936	47,636	1,268	53,840
Net book value				
At 31 January 2020	5,053	55,766	113	60,932
At 31 January 2019	8,383	33,804	342	42,529

13. Debtors

	2020 £	2019 £
Trade debtors	2,663,380	4,473,524
Other debtors	206,338	200,550
Prepayments and accrued income	10,668,542	8,050,971
	<u>13,538,260</u>	<u>12,725,045</u>

14. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	<u>67,591,967</u>	<u>48,311,110</u>

LINDSELL TRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020**15. Creditors: Amounts falling due within one year**

	2020 £	2019 £
Trade creditors	175,768	29,368
Corporation tax payable	8,004,828	5,569,754
Other taxation and social security	1,128,132	806,906
Other creditors	3,246	2,736
Accruals and deferred income	5,135,730	4,414,599
	<u>14,447,704</u>	<u>10,823,363</u>

16. Deferred taxation

	2020 £	2019 £
At start of year	(4,382)	(8,784)
Charged to the profit or loss	(4,270)	4,402
At end of year	<u>(8,652)</u>	<u>(4,382)</u>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	<u>(8,652)</u>	<u>(4,382)</u>

The UK corporation tax rate will no longer be reduced to 17% from 1 April 2020, however this was not enacted into UK tax legislation until 17 March 2020. The deferred tax balances are measured with reference to the substantively enacted tax rates at the balance sheet date.

17. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
26,660 (2019 - 2,666) Ordinary shares of £10 each (2019: £100 each)	<u>266,600</u>	<u>266,600</u>

During the year, the Company went through a share split transaction resulting in the splitting of its ordinary shares by 1:10 resulting in 26,660 shares in issue.

LINDSELL TRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020

18. Reserves**Profit & loss account**

Includes all current and prior year retained profits and losses.

Called up share capital

Represents the nominal value of shares that have been issued.

19. Related party transactions

	Number of shares held 2020	<i>Number of shares held 2019</i>
Michael James Lindsell*	9,650	967
Nicholas John Train*	9,650	967
Michael Lim	520	52
Jane Orr	145	25
Lindsell Train Investment Trust Plc	6,450	646
James Bullock	185	9
Keith Wilson	50	-
Madeline Wright	10	-
	<hr/> <hr/>	<hr/> <hr/>

* includes spouse holdings

Number of shares held in 2020 are subsequent to the share split in the year.

LINDSELL TRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020

20. Related party transactions (continued)
Management fees

The company earns management fees in respect of the following funds in which directors of the company are also non-executive directors of the funds:

	2020 £	2019 £
Michael James Lindsell - Director of Lindsell Train Investment Trust plc	3,753,068	1,042,343
Keith Wilson - Director of LT Global Funds (Keith became a LT director from Nov 2019)	45,084,374	-
	<u>48,837,442</u>	<u>1,042,343</u>

Transactions with funds under management

Transactions entered into by the directors with funds managed by Lindsell Train Limited for the period ended 31 January 2020 were:

Jane Orr	LT Global Equity Fund* £0 (2019: £657). Lindsell Train Investment Trust* £0 (2019: £610). LT Japanese Equity Fund* £0 (2019: £106).
Michael Lim	Finsbury Growth Income Trust plc* £0 (2019: £133). LT Global Equity Fund* £16,804 (2019: £35).
Nicholas Train	Finsbury Growth Income Trust plc* £3,478,722 (2019: £2,455,164).
Michael James Lindsell	LT Global Equity Fund* £0 (2019: £2,000,000). Finsbury Growth Income Trust* £794,570 (2019: £1,355,253).

* includes direct family interests

There are no other related party transactions.

20. Capital commitments

As at 31 January 2020 the company did not have any capital commitments (2019: £Nil).

LINDSELL TRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020

21. Commitments under operating leases

At 31 January 2020 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	49,665	148,995
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	<u>49,665</u>	<u>148,995</u>

In February 2020, the Company signed a new lease as detailed in Note 22. The current lease expires in May 2020.

22. Post balance sheet events

The Company has committed to a new ten year office lease with a five year break commencing 17th February 2020 for a rent of £216,000 per annum.

The Covid-19 pandemic, whose effects first became known in January 2020, is causing severe economic and financial impact across all businesses. The Company continues to operate and service its clients and whilst the directors cannot precisely quantify the impact of the pandemic on the company, at the moment, they do not believe there to be a significant impact on the company and its operations.