

Longview Partners (UK) Limited
Group and Company Financial Statements

For the year ended 31 December 2020



Longview Partners (UK) Limited

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Registered No 04170481

Company information

Directors

J Bassil (resigned 24 September 2020)
E Davies
C D Jilla (appointed 24 September 2020)
G McNair (resigned 24 September 2020)
R D Potter (resigned 24 September 2020)
R Rishani
D E Smart (appointed 24 September 2020)
R Sinnott (appointed 24 September 2020)

Bank

Lloyds TSB PLC	HSBC Bank Plc
1 Butler Place	60 Queen Victoria Street
London	London
SW1H 0PR	EC4N 4TR

Solicitors

Dechert LLP
160 Queen Victoria Street
London
EC4V 4QQ

Auditors

Ernst & Young LLP
Royal Chambers
St Julian's Avenue
St Peter Port Guernsey
GY1 4AF

Registered office

Thames Court
1 Queenhithe
London
EC4V 3RL

Group strategic report

For the year ended 31 December 2020

Principal activities, risks and uncertainties in the year under review

The principal activity of Longview Partners LLP and Longview Partners (UK) Limited (the "Group") continues to be the provision of asset management services to a range of clients based in the UK, Ireland and Guernsey. The principle activity of the LLP will remain the same for the foreseeable future.

The future profitability of the Group is dependent on maintaining a consistent level of assets under management from which to generate future revenues. This level of assets under management is subject to market volatility. The Group is also subject to client redemptions, although the Group has a diversified client base that protects the Group in the event of redemption by one or more client(s).

From an operational perspective, key risks may include the potential for non-compliance with regulations that could lead to the LLP being subject to a fine or a ban on trading activities. In addition, the continuity of the Group's internal operations as a whole may become at risk due to technology-related risks such as cybersecurity threats or risks posed by external events. Following the year under review, the latter risk has manifested itself through the COVID-19 outbreak.

These risks are managed through the possession of a strong corporate culture, through regular review of the Group's compliance framework, the appointment of high calibre risk-focused personnel, disciplined research, security selections and trading processes and an effective high-level overview by the Group's board of directors and the Risk and Audit Committee of the parent company. In addition, specific to technology and other risks including that of a global pandemic, the Group has a Business Continuity Plan which is subject to regular review and testing. With regard to COVID-19, this and the Group's technology arrangements enable a smooth transition to remote workings for a prolonged period.

Business review

The results for the year ended 31 December 2020 reflect the Group's continued emphasis on providing a high level of asset management service to meet current and future client needs. The Group continues to expand its client base in line with forecasted growth. The Group plans further development of its client base in due course, whilst upholding the high level of service offered to current clients.

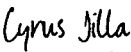
The Group's turnover in respect of 2020 was US\$98,813,517 (2019: US\$108,446,385). The Group continues to monitor its cost structure and reports an increase in administrative expenses for the year. In 2020 these expenses totalled US\$12,019,513 (2019: US\$11,908,432). Following developments in the above financial indicators, total comprehensive income for 2020 is US\$87,199,106 (2019: US\$96,863,908).

Going concern

The Directors have made an assessment of going concern for a period of 18 months from the balance sheet date, taking into account both the Company's and Group's current performance and the Company's and Group's outlook, considering the impact of the COVID-19 pandemic, using information available to the date of issue of these financial statements.

As a result of the assessment, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further details of the assessment can be found at note 1.

Signed on behalf of the Board

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C Jilla

Non-Executive Director
March 2021

23-Mar-21 | 16:52 GMT

Registered number 04170481.

Directors' report

For the year ended 31 December 2020

The directors present their report and the audited consolidated financial statements of Longview Partners (UK) Limited (the "Company") for the year ended 31 December 2020.

Dividends

The directors do not recommend the payment of a dividend (2019: US\$ nil).

Directors and their interests

The directors who served during the year are stated below. R Sinnott resigned on 8 March 2021.

J Bassil (resigned 24 September 2020)
 E Davies
 C Jilla (appointed 24 September 2020)
 G McNair (resigned 24 September 2020)
 R Potter (resigned 24 September 2020)
 R Rishani
 D Smart (appointed 24 September 2020)
 R Sinnott (appointed 24 September 2020)

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report, group strategic report and the consolidated and parent company financial statements in accordance with applicable laws 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 Standards and applicable law), including Financial Reporting Standard 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 of the Group and the Company and of the profit or loss of the Group and the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors acknowledge the requirement to disclose the group's carbon emissions for the period in line with the Streamlined Energy and Carbon Reporting requirements. As this is our first year of reporting on our environmental impacts, it is necessary to explain our office site and clarify reporting requirements so that this information can be used as our base year going forward.

The subsidiary, Longview Partners LLP, is a sub-lessor of a shared office space, occupying 4,312 square foot comprising a fourth-floor office space and does not own any assets that would qualify for Scope 1 emissions reporting. Our main source of energy comes in the form of electricity usage, captured under Scope 2. We are considering the breadth of Scope 3 emissions and have elected not to report Scope 3 emissions at this time. As a sub-lessor energy efficiency measures for the emissions from our leased office space are not considered.

Streamlined Energy and Carbon Reporting	2020
UK energy use kWh	59,898
Associated Greenhouse gas emissions Tonnes Co2 equivalent	13.6
[59,898kWh * 0.23104 (2020 electricity conversion factor to kgCO2e) = 13,838.83kgCO2e converted to Imperial tonnes = 13.6tCO2e]	
Intensity ratio Associated Greenhouse gas emissions per full time equivalent employee	0.46
[13.6tCO2e / 29.9 (kWh energy usage in tCO2e / FTE 2020) = 0.46tCO2e per employee]	

Registered number 04170481.

Directors' report (continued)

The figures for this reporting period have been calculated based on HMRC Environmental Reporting Guidelines. The data has been sourced through meter readings provided by the service manager. The data has been converted to tonnes of carbon dioxide using the government conversion factors for 2020.

Disclosure of information to the auditors

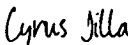
So far as each of the persons who are directors at the time when this report is approved has confirmed that:

- (a) there is no relevant audit information, being information required by the auditor in connection with preparing its report, of which the Group's and Company's auditors are unaware; and
- (b) each director has taken all the steps that ought to have been taken as a director, including making appropriate enquiries of fellow directors and the Group's and Company's auditors for that purpose, in order to be aware of any relevant audit information needed by both the Group's and Company's auditors in connection with preparing their report and to establish that the Group's and Company's auditors are aware of that information.

Auditors

The Directors have resolved to appoint Ernst & Young LLP as auditors for both the Company and the Group.

Signed on behalf of the Board

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C Jilla

Non-Executive Director
March 2021

23-Mar-21 | 16:52 GMT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONGVIEW PARTNERS (UK)

Opinion

We have audited the financial statements of Longview Partners UK Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the group statement of comprehensive income, the group and company statement of financial position, the group and company statement of changes in equity, the group statement of cash flows and the related notes 1 to 19, 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 including FRS 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 Group's and of the parent company's affairs as at 31 December 2020 and of the group's 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 group and the parent 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.

Conclusions relating to going concern

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. 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 group and parent company's ability to continue as a going concern for a period of up until 30 June 2022.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group and the parent company's ability to continue as a going concern.

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 directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of 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 themselves. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONGVIEW PARTNERS (UK) **(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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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 parent company 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

As explained more fully in the directors' responsibilities statement set out on page 3, 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 group's and the parent 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 group or the parent company 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONGVIEW PARTNERS (UK) (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- we obtained an understanding of the legal and regulatory frameworks that are applicable to the parent company and determined that the most significant are those that relate to the reporting framework (UK GAAP – FRS 102);
- we understood how Longview Partners (UK) Limited is complying with those frameworks by making enquiries of the directors and those responsible for compliance matters and corroborated this by reviewing minutes of meetings of the Board of Directors. We gained an understanding of the Board's approach to governance, demonstrated by its review of the quarterly investment reports regarding Longview's performance, review of finance reports regarding overall performance of the group and the parent company, the oversight of the Risk, Audit and Compliance Committee and separate Remuneration Committee and other internal control processes;
- we assessed the susceptibility of the parent company's financial statements to material misstatement. We considered the controls the company has established to address risk identified by the directors or that otherwise seek to prevent, detect or deter fraud and how management and those charged with governance monitor those controls. We also considered the existence of any stakeholder influences which may cause management to seek to manipulate the financial performance and did not note any; and
- based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the review of minutes of meetings of the Board of Directors and compliance reports; making inquiries of those charged with governance; and performance of journal entry testing based on our risk assessment and understanding of the business, with a focus on non-standard journals and those relating to areas with an identified associated fraud risk, as described above.

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.

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.

DocuSigned by:



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Ove Toennes Svejstrup (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Guernsey, Channel Islands

March 30, 2021

Longview Partners (UK) Limited
Group Statement of Comprehensive Income
For the year ended 31 December 2020

	<i>Notes</i>	<i>2020 US\$</i>	<i>2019 US\$</i>
Turnover	3	98,813,517	108,446,385
Administrative expenses		(12,019,513)	(11,908,432)
Operating profit	5	<u>86,794,004</u>	<u>96,537,953</u>
Interest earned		33,421	137,764
Foreign exchange		371,681	188,450
Profit on ordinary activities before taxation		<u>87,199,106</u>	<u>96,864,167</u>
Tax on profit on ordinary activities	8	-	(259)
Total comprehensive income for the year		<u>87,199,106</u>	<u>96,863,908</u>
Total comprehensive income for the year attributable to:			
Owners of the parent		-	(2,796)
Non-controlling interests		87,199,106	96,866,704
		<u>87,199,106</u>	<u>96,863,908</u>

All trading resulted from continuing operations.

The notes on pages 14 to 22 form part of these financial statements.

Longview Partners (UK) Limited

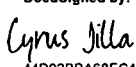
Group Statement of Financial Position
For the year ended 31 December 2020

	Notes	2020 US\$	2019 US\$
Fixed assets			
Tangible assets	9	426,050	667,646
Intangible assets	9	479,231	707,758
		<u>905,281</u>	<u>1,375,404</u>
Current assets			
Debtors	11	24,132,118	30,818,703
Cash at bank and in hand		51,405,089	49,272,816
		<u>75,537,207</u>	<u>80,091,519</u>
Creditors: amounts falling due within one year	12	(7,060,769)	(9,508,758)
Creditors: amounts falling due after more than one year	13, 14	(527,527)	-
Net current assets		<u>67,948,911</u>	<u>70,582,761</u>
Total assets less current liabilities		<u>68,854,192</u>	<u>71,958,165</u>
Capital and reserves			
Called up share capital	15	3,659,145	3,659,145
Profit and loss account		29,164	29,164
Non-controlling interest		65,165,883	68,269,856
Total equity		<u>68,854,192</u>	<u>71,958,165</u>

The Company has taken advantage of the exemption under Section 408 of the Companies Act 2006 from presenting its own profit and loss account. The Company's profit for the year amounted to US\$ Nil (2019 loss: US\$2,537).

The notes on pages 14 to 22 form part of these financial statements.

The financial statements were approved by the Board of Directors and are signed on its behalf by

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C Jilla

Non-Executive Director
 March 2021

23-Mar-21 | 16:52 GMT

Registered No: 04170481

Longview Partners (UK) Limited

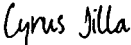
Company Statement of Financial Position
For the year ended 31 December 2020

	Notes	2020 US\$	2019 US\$
Fixed assets			
Investments	10	4,500,000	4,500,000
		<u>4,500,000</u>	<u>4,500,000</u>
Current assets			
Debtors	11	2,943	2,862
Cash at bank and in hand		1,247,593	1,266,294
		<u>1,250,536</u>	<u>1,269,156</u>
Creditors: amounts falling due within one year	12	(2,062,227)	(2,080,848)
Net current liabilities		<u>(811,691)</u>	<u>(811,692)</u>
Total assets less current liabilities		<u><u>3,688,309</u></u>	<u><u>3,688,309</u></u>
Capital and reserves			
Called up share capital	15	3,659,145	3,659,145
Profit and loss account		29,164	29,164
Shareholder funds		<u><u>3,688,309</u></u>	<u><u>3,688,309</u></u>

The notes on pages 14 to 22 form part of these financial statements.

The financial statements were approved by the Board of Directors and are signed on its behalf by

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C Jilla

Non-Executive Director

March 2021

23-Mar-21 | 16:52 GMT

Longview Partners (UK) Limited

Group Statement of Changes in Equity
For the year ended 31 December 2020

	Share capital US\$	Retained reserves US\$	Total shareholders' funds US\$	Non-controlling interest US\$	Total equity US\$
As at 1 January 2019	3,659,145	31,960	3,691,105	37,010,005	40,701,110
Total comprehensive income for the period	-	(2,796)	(2,796)	96,866,704	96,863,908
Total contributions by and distributions to owners	-	-	-	(65,606,853)	(65,606,853)
As at 31 December 2019	<u>3,659,145</u>	<u>29,164</u>	<u>3,688,309</u>	<u>68,269,856</u>	<u>71,958,165</u>
As at 1 January 2020	3,659,145	29,164	3,688,309	68,269,856	71,958,165
Total comprehensive income for the period	-	-	-	87,199,106	87,199,106
Total contributions by and distributions to owners	-	-	-	(90,303,079)	(90,303,079)
As at 31 December 2020	<u>3,659,145</u>	<u>29,164</u>	<u>3,688,309</u>	<u>65,165,883</u>	<u>68,854,192</u>

Longview Partners (UK) Limited

**Company Statement of Changes in Equity
at 31 December 2020**

	Share capital US\$	Retained reserves US\$	Total shareholders' funds US\$
As at 1 January 2019	3,659,145	31,960	3,691,105
Total comprehensive income for the period	-	(2,796)	(2,796)
As at 31 December 2019	<u>3,659,145</u>	<u>29,164</u>	<u>3,688,309</u>
As at 1 January 2020	3,659,145	29,164	3,688,309
Total comprehensive income for the period	-	-	-
As at 31 December 2020	<u>3,659,145</u>	<u>29,164</u>	<u>3,688,309</u>

Longview Partners (UK) Limited

Group Statement of Cash Flows
For the year ended 31 December 2020

	Notes	2020 US\$	2019 US\$
Cash inflow from operating activities			
Cash generated from operations	17	92,529,712	83,414,514
Net cash generated from operating activities		<u>92,529,712</u>	<u>83,414,514</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(127,781)	(905,965)
Interest received		33,421	137,764
Net cash used in investing activities		<u>(94,360)</u>	<u>(768,201)</u>
Cash flows from financing activities			
Distribution to non-controlling interest		(90,303,079)	(65,606,853)
Net cash flows from financing activities		<u>(90,303,079)</u>	<u>(65,606,853)</u>
Increase in cash and cash equivalents in the period		2,132,273	17,039,460
Cash and cash equivalents at the beginning of the year		49,272,816	32,233,356
Cash and cash equivalents at the end of the year		<u>51,405,089</u>	<u>49,272,816</u>

Longview Partners (UK) Limited

**Notes to the financial statements
For the year ended 31 December 2020**

1. Principal accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of preparation

General information, statement of compliance and basis of accounting

The Group's financial statements have been prepared in accordance with FRS 102 Financial Reporting Standard, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Longview Partners (UK) Limited was incorporated in the United Kingdom on 1 March 2001. The address of the registered office is given on page 1. The nature of the Group's operation and its principal activities are set out in the strategic report on page 2.

The financial statements have been prepared on a going concern basis under the historical cost conversion basis and presented in US\$ which is the functional currency of the Group.

Going concern

On January 30, 2020, the World Health Organization declared the outbreak of coronavirus ("COVID-19") to be a public health emergency of international concern. This coronavirus outbreak has severely restricted the level of economic activity around the world. In response to this coronavirus outbreak, the governments of many countries, states, cities and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes.

The extent to which the COVID-19 pandemic has impacted the Group's financial results and liquidity throughout 2020 is summarised below.

During 2020 the Group's assets under management significantly underperformed the MSCI World index, which is at least partially attributable to the COVID-19 pandemic. The Group experienced significant client outflows and as a result, lower revenue. Despite this, the Group remains highly profitable and liquid.

The Group successfully managed remote working, when official advice did not permit working from the office. In addition, most client meetings were held virtually.

Management continues to monitor the impact that the COVID-19 pandemic has on the Group, the asset management industry and the economies in which the Group operates. Management considered the ongoing impact of COVID-19 as part of their going concern assessment. The analysis has modelled a number of adverse scenarios to assess the potential impact that COVID-19 may have on Group's operations, liquidity, AUM levels, solvency and regulatory capital position as well as a reverse stress test to assess the stresses the balance sheet has to endure before there is a breach of the relevant regulatory capital requirement and including an assessment of any relevant mitigations management have within their control to implement.

Having performed this analysis, management believes regulatory capital requirements continue to be met and have sufficient liquidity to meet its liabilities for a period of 18 months from the balance sheet date and that the preparation of the financial statements on a going concern basis remains appropriate as the Group expects to be able to meet its obligations as and when they fall due for the foreseeable future.

Due to the simplicity of the Company and the Group's transaction streams and year-end financial position, the directors consider there to be no significant judgements, estimates and assumptions used in the preparation of these financial statements.

Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiary undertaking, Longview Partners LLP ("the LLP") (collectively the "Group"). The Company acts as the Managing Member of the subsidiary and holds 83% of voting rights as detailed in the Partnership Agreement.

All entities within the Group have the same reporting date of 31 December. All material intercompany transactions and balances have been eliminated in the Group accounts.

Foreign currencies

Transactions in foreign currencies, defined as currencies other than the US Dollar, are recorded at the rate ruling on the date of the transaction. Differences arising from rate movement between the date of initial recognition and the reporting date are taken to the statement of comprehensive income.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date and differences are taken to the statement of comprehensive income. Non-monetary assets and liabilities are not reconverted.

Tangible Assets

All tangible assets are recorded at cost less depreciation. Depreciation is provided on tangible assets classed as office equipment, computer equipment and furniture and fittings on a straight-line basis over 3 years. Tangible assets classed as server hardware and equipment are depreciated on a straight-line basis over 5 years. Leasehold improvements are depreciated on a straight-line basis over the term of the lease.

Longview Partners (UK) Limited

**Notes to the financial statements
For the year ended 31 December 2020**

1. Accounting policies (continued)

Intangible Assets

All intangible assets are recorded at cost less depreciation. Depreciation is provided on intangible assets classed as software on a straight-line basis over 3 years. Intangible assets classed as server software are depreciated on a straight-line basis over 5 years.

Operating leases

Rentals payable under operating leases are charged in the statement of comprehensive income on a straight line basis over the lease term.

Share based payments

In 2020, the Longview Partners Group introduced a Phantom Co-Investment Plan for employees to create a sense of ownership of the firm through sharing value creation and also to provide a multi-year component to remuneration. Each award is granted in the form of a contract entered into between Longview and the participant, which grants a USD reference value, which is then aligned with the value of Longview shares over a fixed 3-year co-investment period, with a resulting future payment made to the participant in the form of a lump sum cash bonus. Refer to note 14 for further information.

Taxation

In the Company's own financial statements, the charge for taxation is based on the profit and loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided using the liability method on all timing differences, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

The taxation payable on any partnership profits included within the profits of the Group is a personal liability of the members during the period.

Pensions

The Group operates a defined contribution pension scheme. Contributions are charged in the statement of comprehensive income as they become payable in accordance with the rules of the scheme. The assets of the scheme are held separately from those of the Group.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and short term deposits with original maturities of three months or less and which are subject to an insignificant risk of change in value.

Financial instruments

Financial instruments are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are recognised at transaction price (including transaction costs).

Debtors and creditors with no stated interest rate and receivable and payable within under one year are recorded at transaction price.

Financial assets and liabilities are only offset in the statement of financial position when and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when the contractual rights to the cash flows from the financial asset expire or are settled.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expired.

Expenses

Expenses are accounted for on an accruals basis.

Members' remuneration

The profits of the LLP in respect of each financial year are allocated and distributed amongst the members, after taking into account working capital and regulatory capital requirements. Profits are allocated among members in accordance with their individual deeds of allocation. These have been categorised as either expenses or non-controlling interests, depending on the nature of the amount allocated.

Upon entry to partnership in the LLP, all members agree to commit to a separate long-term incentive plan ("LTIP"). Twelve members are shareholders of Longview Partners (Guernsey) Limited, nine of which are also parties to the LTIP. The rules of the LTIP require the members of the LLP to reinvest a portion of their allocated profits from the LLP into ordinary M shares of Longview Partners (Guernsey) Limited on an annual basis. The shares obtained under the rules of the LTIP will be transferred from any member of the Northill Group, in their capacity as B shareholders of the Company, to the members of the LLP. Upon the transfer of B shares the shares are converted to M shares. Holders of the M shares will have the same dividend and voting rights as the other ordinary shareholders. The M shares will be subject to a three year vesting period during which they cannot be sold. Upon completion of the vesting period, subject to the rules of the LTIP concerning members that leave the LLP, the M shares will be converted to C3 shares.

On 9 April 2020, 4,162 (2019: 4,859) B shares held by Northill Longview Holdings (Guernsey) Limited were converted to M shares and transferred to twelve other shareholders, in accordance with the LTIP. The total consideration for the shares transferred on 9 April 2020 was US\$4,120,157 (2019: US\$4,473,029). LPLLP retained this amount from the members' year end distributions and paid this amount to Northill Longview Holdings (Guernsey) Limited on behalf of the participating members.

Longview Partners (UK) Limited

**Notes to the financial statements
For the year ended 31 December 2020**

1. Accounting policies (continued)

Investments

Fixed Asset Investments are stated at cost less provision for any impairment in value. At each reporting date, a review is undertaken to determine whether there is any indication of impairment. An impairment loss is recognised if the carrying value of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In the Company's own financial statements, the investment in the subsidiary is measured at cost less any impairment.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions which affect the amounts reported for assets and liabilities as at the year-end date and the amounts reported for revenues and expenses during the year. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. However, the nature of the estimation means that actual outcomes could differ from these estimates.

Due to the simplicity of the Group's transaction streams and year-end financial position, the directors consider there to be no critical judgements, estimates and assumptions used in the preparation of these financial statements.

3. Turnover

The Group's turnover, which is stated net of value added tax, solely represents fees receivable for investment advisory services provided during the period and arising from continuing activities in the UK, Ireland and Guernsey. Advisory fees are recognised upon being earned and being contractually due. Turnover during the period arose from the supply of services both to Longview Partners (Guernsey) Limited and to external clients.

The Limited Liability Partnership Agreement for the LLP contains provisions requiring the LLP to reimburse the Company for expenses that the Company, acting in its capacity as managing member, incurs on its behalf.

4. Financial risk management

As managing member, the Company oversees the risk management framework for the LLP and approves the LLP's risk strategy and policies.

The Group is exposed to a variety of financial risks from its use of financial instruments measured at fair value through the statement of comprehensive income. The Group monitors and manages the financial risks which include market, credit and liquidity risk. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group seeks to minimise these risks as detailed below:

Market price risk

Market price risk arises from uncertainty about future prices of financial instruments held. It represents the potential loss the Group might suffer through holding market positions in the face of price movements. The Group identifies both the direct and indirect impact of market risk. The direct impact is identified throughout the bank and debtor balances held in non-base currency at the year end. The indirect impact of market risk includes the potential impact on revenues following price movements.

Credit risk management

Credit risk refers to the risk a counterparty will default on its contractual obligations resulting in financial losses. The Group's principal credit exposure relates to the balance of its financial assets.

There is limited credit exposure from balances due from the client accounts and funds managed by the Group.

The Group manages credit risk with respect to cash by holding cash in investment grade rated global financial institutions. The credit risk on these balances is considered to be limited.

The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk as no collateral or other credit enhancements are held.

Liquidity risk management

The Group has built an appropriate liquidity risk management framework for its liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group has not made any significant guarantees to third parties of actual or potential obligations.

Longview Partners (UK) Limited

Notes to the financial statements
For the year ended 31 December 2020

5. Operating Profit	Group		Company	
	2020	2019	2020	2019
	US\$	US\$	US\$	US\$
Operating profit is stated after charging:				
Auditors' remuneration:				
Audit services	65,194	64,158	15,544	14,229
Tax compliance services	13,902	10,168	5,167	4,636
Depreciation	519,597	317,183	-	-
Loss on disposal of assets	78,307	-	-	-
Pension costs	146,404	143,484	-	-
Foreign exchange	(371,681)	(188,450)	15,349	25,753
Operating leases	887,142	846,997	-	-
6. Staff Costs	Group		Company	
	2020	2019	2020	2019
	US\$	US\$	US\$	US\$
Wages and salaries	4,897,699	5,163,483	18,104	-
Social security costs	700,348	734,686	2,180	-
Other pensions costs	146,403	143,483	-	-
Share-based payments	527,527	-	-	-
	<u>6,271,977</u>	<u>6,041,652</u>	<u>20,284</u>	<u>-</u>

As at the period end there was a pension creditor on the balance sheet of US\$1,777 (2019: US\$16,920).

The average number of employees of the Group during the year was eighteen (2019: sixteen).

The Company had no employees during the year (2019: Nil).

	Group		Company	
	2020	2019	2020	2019
Administration	8	7	-	-
Research	4	1	-	-
Operations	3	3	-	-
Business development	1	3	-	-
Trading	1	1	-	-
Quantitative analysis	1	1	-	-
	<u>18</u>	<u>16</u>	<u>-</u>	<u>-</u>

7. Directors' emoluments - Group and Company

	2020	2019
	US\$	US\$
Emoluments	<u>18,104</u>	<u>-</u>

In the opinion of management, the Group had no key management personnel other than the directors and non-executive directors.

The number of directors to whom pension benefits are accruing under the money purchase pension scheme is nil (2019: nil).

Longview Partners (UK) Limited
Notes to the financial statements
For the year ended 31 December 2020
8. Tax on profit on ordinary activities

	2020 US\$	2019 US\$
Taxation is based on profit for the year and is made up as follows:		
Current year	-	259
	<u>-</u>	<u>259</u>

Factors affecting the tax charge for the period

The tax assessed on the profit on ordinary activities for the period is lower (2019: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2020 US\$	2019 US\$
Profit on ordinary activities before tax	<u>87,199,106</u>	<u>96,864,167</u>
Profit on ordinary activities subject to standard rate of corporation tax in the UK of 19% (2019: 19%)	16,567,830	18,404,192
Effect of:		
Share of disallowed expenses and non-taxable income in respect of distribution from LLP	-	740
Partnership profits not subject to corporation tax	(16,567,830)	(18,404,673)
Current income tax charge	<u>-</u>	<u>259</u>

Longview Partners (UK) Limited

Notes to the financial statements
For the year ended 31 December 2020

9. Tangible Assets

	Office equipment	Computers equipment	Server hardware & equipment	Furniture and fittings	Leasehold improvements	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Cost:						
As at 1 January 2020	28,447	163,921	210,793	122,298	629,652	1,155,111
Additions	1,149	37,751	-	35,227	-	74,126
Disposals	(27,281)	(8,869)	(210,793)	(52,800)	-	(299,743)
As at 31 December 2020	2,315	192,803	-	104,725	629,652	929,494
Accumulated depreciation						
As at 1 January 2020	19,432	12,766	134,666	38,596	282,005	487,465
Charge for the year	8,916	62,065	76,128*	42,197	126,417	239,595
Disposals	(27,281)	(8,869)	(210,793)	(52,800)	-	(299,744)
As at 31 December 2020	1,067	65,962	-	27,993	408,422	427,316
Net book value:						
As at 31 December 2020	1,248	126,841	-	76,732	221,230	426,050
As at 31 December 2019	9,015	151,155	76,127	83,702	347,647	667,646

Intangible Assets

	Software	Server software	Total
	US\$	US\$	US\$
Cost:			
As at 1 January 2020	720,037	137,911	857,948
Additions	53,654	-	53,654
Disposals	-	(137,911)	(137,911)
As at 31 December 2020	773,691	-	773,691
Accumulated depreciation			
As at 1 January 2020	66,764	83,426	150,190
Charge for the year	227,696	54,486*	227,696
Disposals	-	(137,911)	(137,911)
As at 31 December 2020	294,460	-	239,975
Net book value:			
As at 31 December 2020	479,231	-	479,231
As at 31 December 2019	653,273	54,485	707,758

* Included within charge for the year is loss on disposal of assets US\$78,307 (2019: Nil)

Longview Partners (UK) Limited

Notes to the accounts
For the year ended 31 December 2020

10. Investments

	Company	
	2020	2019
	US\$	US\$
Longview Partners LLP	4,500,000	4,500,000
	<u>4,500,000</u>	<u>4,500,000</u>

The investment in the Partnership represents the capital contributions made to Longview Partners LLP. The Company owns 96% of the Partnership's capital.

11. Debtors

	Group		Company	
	2020	2019	2020	2019
	US\$	US\$	US\$	US\$
Prepayments and accrued income	2,533,996	5,228,803	2,943	2,862
Other debtors	-	13,125	-	-
Amounts owed by Longview Partners (Guernsey) Limited	21,598,122	25,576,775	-	-
	<u>24,132,118</u>	<u>30,818,703</u>	<u>2,943</u>	<u>2,862</u>

12. Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	US\$	US\$	US\$	US\$
Trade creditors	1,270,660	381,858	1,058,038	2,659
Amounts due to related parties	4,991,764	7,410,519	-	-
Amounts owed to Longview Partners LLP	-	-	965,478	926,529
Accruals	771,083	552,183	13,225	4,382
Tax and social security	25,485	1,147,277	25,485	1,147,277
Pension creditor	1,777	16,920	-	-
	<u>7,060,769</u>	<u>9,508,758</u>	<u>2,062,227</u>	<u>2,080,848</u>

13. Creditors: amounts falling due after more than one year

	Group		Company	
	2020	2019	2020	2019
	US\$	US\$	US\$	US\$
Cash-settled scheme (note 14)	527,527	-	-	-
	<u>527,527</u>	<u>-</u>	<u>-</u>	<u>-</u>

Longview Partners (UK) Limited

Notes to the accounts
For the year ended 31 December 2020

14. Share-based payments

In 2020, the Longview Partners Group introduced a Phantom Co-Investment Plan for employees. Each annual award grants a conditional USD reference value which is then aligned with the value of Longview shares for the associated three year Co-investment period with a resulting future payment made to employees in the form of a lump sum cash bonus. The reference value is also adjusted in relation to any distributions made by the Group. Participation is at REMCO's discretion and the only vesting condition is that the individual remains an employee for over the three year vesting period. Awards are recognised by the entity that the individual is employed by.

The fair market value of the Longview Shares is calculated as at 31 December each year. The bonus payable will be calculated based on the change in the fair market value of the Longview Shares between the 31 December in the calendar year of award and the 31 December in the third and final year of the Co-Investment Period.

The share-based remuneration expense comprises:

	Group		Company	
	2020	2019	2020	2019
	US\$	US\$	US\$	US\$
Cash-settled schemes				
Beginning of period	-	-	-	-
Granted in period	527,527	-	-	-
As at end of period	527,527	-	-	-

The share-based remuneration liabilities comprises:

	Group		Company	
	2020	2019	2020	2019
	US\$	US\$	US\$	US\$
Cash-settled schemes				
Beginning of period	-	-	-	-
Granted in period	527,527	-	-	-
As at end of period	527,527	-	-	-

Following the determination of the fair market value of the Longview Shares, the number of Phantom units will be determined.

15. Share capital

Group and Company	2020 No.	2019 No.
Issued and fully paid:	3,659,145	3,659,145
	2020 US\$	2019 US\$
Issued and fully paid:		
Ordinary shares of \$1 each	3,659,145	3,659,145

16. Related party transactions

The Company is a wholly owned subsidiary of Longview Partners (Guernsey) Limited. During the year the Group received fees totalling US\$89,330,137 from Longview Partners (Guernsey) Limited (2019: US\$94,707,326). These fees are a proportion of total sub-advisory fees initially invoiced by Longview Partners (Guernsey) Limited to external clients, but which are ultimately due to the Group in return for investment management services provided by the Group. These fees also contain recharges of certain expenses.

At 31 December 2020, a total of US\$21,598,122 (2019: US\$25,472,002) was due from Longview Partners (Guernsey) Limited. This balance consisted mostly of sub-advisory fees receivable, as described above. Additional amounts receivable are represented by expenses incurred by the Group but attributable to and recoverable from Longview Partners (Guernsey) Limited.

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at 31 December 2020 are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivable or payable.

Longview Partners (UK) Limited

Notes to the accounts
For the year ended 31 December 2020

17. Notes to the statement of cash flows

	<i>Group</i>	
	2020	2019
	US\$	US\$
Operating profit	86,794,004	96,537,953
Depreciation	519,597	317,184
Loss on disposal of assets	78,307	-
Decrease/ (increase) in debtors	6,686,585	(2,262,201)
Decrease in creditors	(2,447,989)	(11,366,612)
Increase in long term creditors	527,527	-
Corporation tax paid	-	(259)
Foreign exchange	371,681	188,450
	<u>92,529,712</u>	<u>83,414,515</u>

18. Ultimate parent undertaking

The Company is a wholly owned subsidiary of Longview Partners (Guernsey) Limited, a company registered in Guernsey. Northill Longview Holdings (Guernsey) Limited has a majority controlling interest in Longview Partners (Guernsey) Limited.

19. Commitments

At 31 December 2020, the Group had annual commitments in respect of computers and/or land and buildings, under non-cancellable operating leases as set out below:

Group

Operating leases on which payments are due:	2020	2019
	US\$	US\$
Within one year	673,365	700,690
Within two to five years	<u>404,952</u>	<u>1,030,199</u>
	<u>1,078,317</u>	<u>1,730,889</u>

Company

Operating leases on which payments are due:	2020	2019
	US\$	US\$
Within one year	-	-
Within two to five years	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>