

# GMO

## REPORTS & FINANCIAL STATEMENTS

For the year ending  
31 December 2020

GMO UK LIMITED  
Company Number: 04658801

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## STRATEGIC REPORT

For the year ended 31 December 2020

The Directors present their strategic report of GMO UK Limited (the "Company") and its subsidiary GMO Investment Management Company (Ireland) Limited ("GMO IMC"), (together the "Group") for the year ended 31 December 2020.

## REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Company is a wholly-owned subsidiary of Grantham, Mayo, Van Otterloo & Co. LLC ("GMO LLC"), a limited liability company organised under the laws of the Commonwealth of Massachusetts, USA.

The Group's principal activity is that of investment management services and includes GMO IMC providing management services to collective investment schemes authorised by the Central Bank of Ireland ("CBI"). There have not been any material changes in the Group's principal activity in the year under review.

Following approval by the Directors, effective 1 January 2020, the Company (i) transferred the business of the Company's Dutch branch to its sister company, GMO Netherlands B.V. ("GMO BV") in exchange for the issue of shares in GMO BV, and; (ii) transferred the shares in GMO BV to GMO LLC by way of a dividend in specie, and; (iii) sold to GMO BV intangible assets representing underlying customer relationships and all related intangibles for certain clients domiciled in the European Union and European Economic Area. The intangible assets sold represented approximately 30% of the assets serviced by the Group. The Company's Dutch branch was deregistered from the Dutch Chamber of Commerce (KvK) effective 1 January 2020.

On 19 December 2016, the CBI published the final version of the guidance on its consultation paper 86, entitled Fund Management Companies – Guidance ("CP86") which is focused on the effectiveness of Irish fund management companies ("FMCs"). In 2019, the CBI began a thematic review of CP86 and on 20 October 2020, the CBI released the findings of the thematic review in an industry letter (the "Dear Chair Letter"). The key findings included inadequacies in respect of resourcing within FMCs and in particular, the CBI's expectation that all FMCs should have a minimum of three full-time employees of which a clear and convincing preponderance are located in Ireland. In response to the Dear Chair Letter GMO IMC is evaluating options to meet the CBI's expectations, including new hires and/or the transfers and secondment of personnel from its affiliates.

There are current uncertainties in the economy related to the COVID-19 pandemic that emerged in early 2020, which at times led to increased market volatility. The period over which such uncertainties will persist, as well as any longer term adverse effects on the world economies and markets, is difficult to predict as the situation persists. The Group's revenues and results for the next financial year and beyond may be adversely impacted by COVID-19, and the extent of such impact will depend on how long the pandemic continues and other factors, including its effect on world economies and markets. The Directors have considered the uncertainties and impact on the business in the going concern accounting policy forming part of these financial statements.

As shown in the Statement of Comprehensive Income, the Group's turnover decreased by 29% (2019: increased by 26%), administrative expenses decreased by 18% (2019: decreased by 13%) and other operating income increased by 213% in the year (2019: decreased by 56%). Other operating income (see note 2) includes a £7.1m gain recognised on the transfer of the Dutch branch and the intangible assets. Excluding this gain, other operating income increased by 21%. The Group's profit after tax increased by 20% (2019: increased by 31%).

The consolidated balance sheet shows the Group's net assets decreased by 34% from £21.2m to £13.9m in the current period.

### Key performance indicators of the Group are:

	2020	2019
Assets serviced by the Group as at 31 December	£9.38bn	£12.31bn
(Decrease)/increase in assets serviced by the Group for the year ended 31 December	(24%)	5%
New business won by the Group for the year ended 31 December	£0.03bn	£0.1bn

Other than the aforementioned transactions the Directors are not aware, at the date of this report, of any material changes in the Group's activities in the next year.

## STRATEGIC REPORT

For the year ended 31 December 2020

### DIVIDEND

Dividends of £22,237,327 (2019: £9,500,000) were distributed to GMO LLC during the year (see note 8). On 14 April 2021, the Directors approved the payment of a dividend to GMO LLC of £6,000,000 reducing the shareholder's funds by the corresponding amount.

### PRINCIPAL RISKS AND UNCERTAINTIES

The Group's primary objective is advising clients and arranging for their investment in products with the goal of delivering superior investment performance. In this context, the principal risks related to the Group's business have been identified as: (a) poor investment performance by the GMO LLC Group leading to a loss of client revenue; (b) changes in the demands of clients, which may lead them to allocate assets away from the Group or its affiliates; (c) a material fall in financial markets, which would impact asset-based revenues; and (d) the loss of clients related to unsatisfactory service.

Additionally, the Group has identified the following other potential risks: (a) losing key personnel; (b) financial risk and fraud; (c) liquidity risk; (d) operational and information technology risk (including cyber security risk); (e) remuneration risk; (f) regulatory risk; (g) conduct risk; and (h) business continuity risk in the event of a disaster.

### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group closely monitors its exposure to financial risk. The Group does not enter into any hedging transactions for its own accounts. The Group's principal financial assets are bank balances and trade and other debtors. These represent the Group's exposure to credit risk in relation to financial assets. The Group has no borrowings and, therefore, its exposure to interest rate risk is limited to returns achieved on any investments of its financial assets. The Group is exposed to currency risk from the conversion of the fees received and expenses in currencies other than pound sterling, which is the functional currency of the Company and the subsidiary undertaking, and the presentational currency of the Group. These risks are within the Group's appetite.

### SECTION 172(1) STATEMENT

The Directors acknowledge that they must act in a way they consider, in good faith, is most likely to promote the success of the Group for the benefit of its members, while also considering the broad range of stakeholders who interact with and are impacted by our business. Throughout the year, while discharging their duties, section 172(1) requires directors to have regard, amongst other matters, to the:

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

The Directors consider the following to be the Group's key stakeholders:

#### **Shareholders**

The Group is a wholly-owned subsidiary of GMO LLC, a private partnership whose sole business is investment management. The Group benefits from the infrastructure and policies of the global GMO business and aligns to an overall willingness to act and communicate our investment insights with conviction for the benefit of our clients, which differentiates us from competitors who may temper advice to limit career risk and firm conflicts.

**STRATEGIC REPORT (continued)**  
**For the year ended 31 December 2020**

***Employees***

The Company regularly engages with employees through various initiatives. Notably, Company employees, together with all GMO LLC employees, participate in regular "Town Hall" meetings, where information about the GMO LLC group strategic direction, recent financial results and other information is broadly disseminated. Such meetings include active Q&A sessions to encourage employee engagement and gather feedback. The Group is focused on employee wellbeing and conducts periodic surveys focused on culture and engagement. In addition, the Group invests in its people, across all career stages, with the same long-term view that is brought to investing on behalf of our clients. The Group offers learning and development opportunities for all employees and seeks to foster an environment that encourages and supports continuous growth. The Group offers competitive compensation and benefits, and strives to provide a flexible working environment in which all employees are able to excel.

***Customers***

The Group is committed to upholding the Financial Conduct Authority's Treating Customers Fairly ("TCF") objectives. The Company aims to treat clients fairly and deliver high quality services which meet their expectations through their relationship with the GMO LLC group.

Both the Company and the GMO LLC group value client relationships and collaborate with clients over the long term to provide the investment results, research and candid advice they need to meet their goals. We strive to offer clients good, honest advice under all circumstances, regardless of the potential impact to our bottom line. We believe that our patience – taking a longer-term view, even if it is out of line with market consensus – provides tremendous advantages for our investors.

***Community and environment***

We actively contribute to our communities, both as a firm and in supporting employees' individual interests. Both GMO and the Group are passionate about combating the impacts of climate change and sponsor many company-wide initiatives to reduce environmental impact. Programmes range from initiatives focused on recycling and reduced use of plastics, to making an annual donation to offset the carbon produced by employees' travel.



**Arron Day**  
**Director**

22 April 2021

Registered Office:  
1 London Bridge  
London  
SE1 9BG

GMO UK LIMITED – Company Number 04658801

## DIRECTORS' REPORT

For the year ended 31 December 2020

The Directors present their report and the audited financial statements of the Group for the year ended 31 December 2020.

## DIRECTORS

The Directors, who held office during the year, and/or up to the date of signing, are:

A Bark  
A Day  
G Pottle  
C Haley (appointed 1 January 2020)  
P Zachos (appointed 4 February 2020)  
T Pari (appointed 14 April 2021)  
J P Mittaz (resigned 31 March 2021)

## DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for this Directors' Report and for the financial statements to be prepared in accordance with applicable law and regulations.

Company law requires the Directors to prepare or cause to be prepared 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, "UK GAAP" (United Kingdom Accounting Standards, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. The Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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; and
- prepare the financial statements on the going concern basis provided this basis continues to be appropriate.

The Directors are responsible for adequate accounting records to be kept that are sufficient to: (1) show and explain the Group's transactions, (2) disclose with reasonable accuracy at any time the financial position of the Group and (3) ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## DIRECTORS' INDEMNITY

The Company's Articles of Association, subject to the provisions of, and to the extent permitted by UK legislation, provide every director or other officer (excluding an auditor) of the Company an indemnity out of the assets of the Company against any liability incurred in the actual or purported execution or discharge of duties, or the exercise or purported exercise of powers or otherwise in relation to, or in connection with such duties, powers or office, but:

- this indemnity shall not apply to any liability to the extent that it is recovered from any other person; and
- the indemnity is subject to such officer taking all responsible steps to effect such recovery, so that the indemnity shall not apply to the extent that an alternative right of recovery is capable of being enforced.

Directors' and Officers' Liability insurance cover is in place in respect of the Group's Directors.

GMO UK LIMITED – Company Number 04658801

DIRECTORS' REPORT (continued)  
For the year ended 31 December 2020

## PILLAR 3

In accordance with the rules of the Financial Conduct Authority, the Company has published its Pillar 3 disclosure on the Company's website – <https://www.gmo.com>.

## MATTERS OF STRATEGIC IMPORTANCE

Matters of strategic importance are disclosed in the Strategic Report in accordance with S414c(11) of the Companies Act 2006.

## STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

As Directors, we have taken all the necessary steps to make us aware of any relevant information and to establish that the auditors are aware of that information.

As far as the Directors are aware, there is no relevant information of which the Group's auditors are unaware.

## AUDITORS

The reappointment of RSM UK Audit LLP as auditors to the Company will be considered at a subsequent Board meeting.



**Arron Day**  
**Director**

22 April 2021

Registered Office:  
1 London Bridge  
London  
SE1 9BG

## REMUNERATION CODE

### **Introduction**

This report has been prepared in accordance with the Remuneration Code (the "Code") adopted pursuant to SYSC 19A of the Financial Conduct Authority (the "FCA") Handbook as applicable to the Company, which is classified as a Level 3 firm.

### **Remuneration policy**

The Company's remuneration policy is intended to ensure that the Company has a risk-focused remuneration policy which is consistent with, and promotes, effective risk management and does not expose the Company to excessive risk. The policy reflects the application of the FCA's Remuneration Code (the "Remuneration Code") and the FCA's principles of proportionality and reflects the Company's size and internal organisation and the nature, scope and complexity of its activities.

### **Link between remuneration and performance**

The Company considers all appropriate factors in determining remuneration, including but not limited to: the Remuneration Code and the Company's remuneration policy, the Company's revenue and operating income for the current year, the Company's revenue and operating income forecasts for the next year, GMO LLC Group long-term and short-term performance, the scope of the employee's responsibilities, whether the employee achieved the objectives outlined at the beginning of the review period, the employee's performance during the year and over the long-term, (including how the employee demonstrated: that the employee acted in the best interest of the Company, including compliance with Company policies, the employee's commitment to the Company, and the employee's focus on the Company's directions and goals), the relevant business unit's performance during the year, client satisfaction levels and client relationship matters and any feedback from risk management and compliance functions.

### **Quantitative information on remuneration**

For purposes of compliance with Capital Requirements Directive IV and pursuant to the requirements of the Remuneration Code, the Compliance Officer, in consultation with the CEO has identified those employees who are either senior management or whose actions have a material impact on the risk profile of the Company. The aggregate breakdown of remuneration payable by the Company to those employees is as follows:

Remuneration – Senior Management	2020	2019
	£	£
Wages and salaries	3,420,910	3,228,640
Social security costs	465,831	380,351
Pension costs	33,334	64,889
	<u>3,920,075</u>	<u>3,673,880</u>
Remuneration – Employees whose actions have a material impact on the risk profile of the Company	2020	2019
	£	£
Wages and salaries	4,141,191	4,637,659
Social security costs	570,134	638,196
Pension costs	6,712	30,047
	<u>4,718,037</u>	<u>5,305,902</u>



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF GMO UK LIMITED

We have audited the financial statements of GMO UK Limited and its subsidiary for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and notes to the financial statements, 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 state of the Group's and of the 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 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 or parent company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to the application of the going concern basis of accounting are described in the relevant sections of this report.

### ***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 our 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 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.

### ***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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF GMO UK LIMITED (continued)

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

In the light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the 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 by the Group, or returns adequate for our audit have not been received from branches not visited by us; or
- the Group 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 in the Directors' Report, 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 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 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.

***The extent to which the audit was considered capable of detecting irregularities, including fraud***

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the Group operates in and how the Group is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud having obtained an understanding of the effectiveness of the control environment.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF GMO UK LIMITED (continued)**

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting relevant correspondence with local tax authorities and evaluating advice received from external tax advisors.

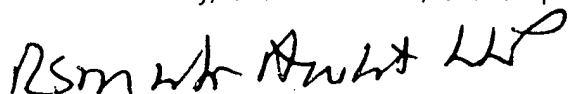
The most significant laws and regulations that have an indirect impact on the financial statements are the rules and principles set by the Financial Conduct Authority (FCA) as regulator for the financial services industry in the UK. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations. We inspected compliance documentation, enquired over any risks or breaches in the year, reviewed certain regulatory returns and correspondence with the FCA as well as considering compliance with the conditions for authorisation, and other regulatory obligations.

The audit engagement team identified the risk of management override of controls, revenue recognition and group recharges as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business; testing the completeness, accuracy and existence of revenue, and challenging judgements; and by reviewing the calculation of recharges in conjunction with the US parent and assessing the assumptions and mark-ups used for reasonableness.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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 member, 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 member those matters we are required to state to the member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.



25/4/2021

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**David Fenton (Senior Statutory Auditor)**  
for and on behalf of RSM UK Audit LLP  
Chartered Accountants and Statutory Auditor  
25 Farringdon Street  
London, EC4A 4AB

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 31 December 2020

	Notes	2020 £	2019 £
TURNOVER	2	19,679,185	27,636,581
Administrative expenses		(12,982,625)	(15,855,411)
Other operating income	2	11,544,653	3,685,676
OPERATING PROFIT	3	18,241,213	15,466,846
Interest receivable and similar income	4	170,205	46,026
Interest payable and similar expense	5	(3,731)	(1,929)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		18,407,687	15,510,943
Taxation	7	(3,411,392)	(3,008,940)
PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>14,996,295</u>	<u>12,502,003</u>
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>14,996,295</u>	<u>12,502,003</u>

Notes on pages 16 to 28 form part of these financial statements.  
All activities relate to continuing operations.

**CONSOLIDATED BALANCE SHEET**  
as at 31 December 2020

	Notes	2020 £	2019 £
<b>FIXED ASSETS</b>			
Tangible assets	9	349,306	323,039
<b>CURRENT ASSETS</b>			
Debtors	11	9,558,254	14,136,699
Cash at bank and in hand		11,497,731	15,138,773
		<u>21,055,985</u>	<u>29,275,472</u>
<b>CREDITORS</b>			
Amounts falling due within one year	12	(7,161,737)	(8,155,841)
<b>NET CURRENT ASSETS</b>		<u>13,894,248</u>	<u>21,119,631</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>14,243,554</u>	<u>21,442,670</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	12	(205,273)	(164,477)
<b>PROVISIONS FOR LIABILITIES</b>	13	(116,924)	(115,804)
<b>NET ASSETS</b>		<u>13,921,357</u>	<u>21,162,389</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		2,500,000	2,500,000
Profit and loss account		11,421,357	18,662,389
<b>EQUITY SHAREHOLDER'S FUNDS</b>		<u>13,921,357</u>	<u>21,162,389</u>

Notes on pages 16 to 28 form part of these financial statements.

Approved and authorised by the Board of Directors on 22 April 2021 and signed on their behalf by:



**Arron Day**  
**Director**

22 April 2021

**COMPANY BALANCE SHEET**  
as at 31 December 2020

	Notes	2020 £	2019 £
<b>FIXED ASSETS</b>			
Tangible assets	9	349,306	323,039
Investments	10	84,153	84,153
		<u>433,459</u>	<u>407,192</u>
<b>CURRENT ASSETS</b>			
Debtors	11	9,318,095	13,970,972
Cash at bank and in hand		11,024,216	14,674,663
		<u>20,342,311</u>	<u>28,645,635</u>
<b>CREDITORS</b>			
Amounts falling due within one year	12	(6,703,956)	(7,772,786)
		<u>13,638,355</u>	<u>20,872,849</u>
<b>NET CURRENT ASSETS</b>			
		<u>14,071,814</u>	<u>21,280,041</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>(205,273)</u>	<u>(164,477)</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	12		
		<u>(116,924)</u>	<u>(115,804)</u>
<b>PROVISIONS FOR LIABILITIES</b>	13		
		<u>13,749,617</u>	<u>20,999,760</u>
<b>NET ASSETS</b>			
		<u>13,749,617</u>	<u>20,999,760</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		2,500,000	2,500,000
Profit and loss account		11,249,617	18,499,760
		<u>13,749,617</u>	<u>20,999,760</u>
<b>EQUITY SHAREHOLDER'S FUNDS</b>			
		<u>13,749,617</u>	<u>20,999,760</u>

Notes on pages 16 to 28 form part of these financial statements.

The Company is exempt under Section 408 of Companies Act 2006 from disclosing its own Statement of Comprehensive Income. The profit of the Company for the year was £14,987,184 (2019: £12,493,061).

Approved and authorised by the Board of Directors on 22 April 2021 and signed on their behalf by:



**Arron Day**  
**Director**

22 April 2021

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the year ended 31 December 2020

	Share capital	Profit and loss account	Total
	£	£	£
As at 1 January 2019	2,500,000	15,660,386	18,160,386
Profit for the year	-	12,502,003	12,502,003
Total comprehensive income	2,500,000	28,162,389	30,662,389
Dividends (note 8)	-	(9,500,000)	(9,500,000)
As at 31 December 2019	2,500,000	18,662,389	21,162,389
Profit for the year	-	14,996,295	14,996,295
Total comprehensive income	2,500,000	33,658,684	36,158,684
Dividends (note 8)	-	(22,237,327)	(22,237,327)
As at 31 December 2020	2,500,000	11,421,357	13,921,357

**Reserves**

*Profit and loss account*

The profit and loss account reserve represents cumulative profits and losses of the Group.

GMO UK LIMITED – Company Number 04658801

**COMPANY STATEMENT OF CHANGES IN EQUITY**  
For the year ended 31 December 2020

	Share capital	Profit and loss account	Total
	£	£	£
As at 1 January 2019	2,500,000	15,506,699	18,006,699
Profit for the year	-	12,493,061	12,493,061
Total comprehensive income	2,500,000	27,999,760	30,499,760
Dividends (note 8)	-	(9,500,000)	(9,500,000)
As at 31 December 2019	2,500,000	18,499,760	20,999,760
Profit for the year	-	14,987,184	14,987,184
Total comprehensive income	2,500,000	33,486,944	35,986,944
Dividends (note 8)	-	(22,237,327)	(22,237,327)
As at 31 December 2020	2,500,000	11,249,617	13,749,617

**Reserves**

*Profit and loss account*

The profit and loss account reserve represents cumulative profits and losses of the Company.



**CONSOLIDATED CASH FLOW STATEMENT**  
**For the year ended 31 December 2020**

	Notes	2020 £	2019 £
<b>Operating activities</b>			
Operating profit		18,241,213	15,466,846
Adjustments for:			
Depreciation of tangible assets	9	46,858	66,670
Foreign exchange (gain)/loss	3	(3,179)	96,391
Gain on sale of Dutch branch	2	(7,095,267)	-
Operating cash flow before movement in working capital		11,189,626	15,629,907
Decrease in trade and other debtors	11	4,679,205	2,409,292
Increase/(decrease) in trade and other creditors	12	412,208	(2,121,710)
Interest received	4	18,827	46,026
Income tax paid		(4,855,030)	(2,518,059)
<b>Net cash flows from operating activities</b>		<u>11,444,835</u>	<u>13,445,456</u>
<b>Investing activities</b>			
Purchase of tangible assets	9	(86,445)	(108,176)
<b>Net cash flows used in investing activities</b>		<u>(86,445)</u>	<u>(108,176)</u>
<b>Financing activities</b>			
Dividends paid	8	(15,000,000)	(9,500,000)
Interest paid	5	(2,611)	-
<b>Net cash flows used in financing activities</b>		<u>(15,002,611)</u>	<u>(9,500,000)</u>
<b>Net increase in cash and cash equivalents</b>		(3,644,221)	3,837,280
Cash and cash equivalents at the beginning of the year		15,138,773	11,397,884
Effect of exchange rates on cash and cash equivalents	3	3,179	(96,391)
<b>Cash and cash equivalents at end of the year</b>		<u>11,497,731</u>	<u>15,138,773</u>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2020

**1. ACCOUNTING POLICIES**

**(a) General information**

GMO UK Limited ("the Company") is a limited company incorporated in the United Kingdom ("UK"). The address of its registered office and principal place of business is 1 London Bridge, London, SE1 9BG. The Company, and its subsidiary undertaking, together referred to as the "Group", carry out investment management services. During the year, the Company's Dutch Branch was deregistered from the Dutch Chamber of Commerce (KVK) effective 1 January 2020.

These financial statements have been presented in Pound Sterling, rounded to the nearest Pound, as this is the currency of the primary economic environment in which the Company operates.

**(b) Basis of preparation**

These financial statements have been prepared in accordance with FRS 102, The Financial Reporting Standard Applicable in the UK and Republic of Ireland and applicable legislation as set out in the Companies Act 2006 and Schedule 1 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. These financial statements have been prepared under the historical cost convention.

In preparing the Company financial statements, the Company has taken advantage of the disclosure exemptions, as permitted by FRS 102 paragraph 1.12. The Company has therefore complied with the applicable conditions, including providing notification of the use of exemptions to the Company's shareholder who has not objected to the use of such disclosure exemptions.

In preparing the Company financial statements, the Company has taken advantage of the following exemptions:

- (i) from preparing a Cash Flow Statement in accordance with Section 7 *Cash Flow Statements*;
- (ii) from providing the financial instrument disclosures, required under paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as this information is provided in the Group consolidated financial statement; and
- (iii) from disclosing the Company's key management personnel compensation, as required by paragraph 7 of Section 33 *Related Party Disclosures*.

**(c) Basis of consolidation**

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertaking up to 31 December 2020.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

**(d) Investments in subsidiary undertakings**

Investments in subsidiary undertakings are recognised at cost less any provision for impairment.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2020**

**(e) Turnover**

Turnover represents fees receivable from discretionary and advisory segregated client accounts, net fees receivable from pooled funds managed or sponsored by GMO LLC and its affiliates, including fees receivable through net revenue sharing income from GMO LLC. Turnover from the provision of asset management services is recognised when the services have been provided and the fees can be ascertained and charged.

The Group has entitlement to earn performance fees from a number of clients where the actual performance of the clients' assets managed by the Group's affiliates exceeds certain benchmarks by an agreed level of performance in a set time period. Performance fees are recognised when the quantum of the fee can be ascertained and charged, which is normally at the end of the performance period when this occurs on or before the reporting date.

**(f) Tangible fixed assets**

Tangible fixed assets are initially recognised at cost, which is the purchase price plus any directly attributable costs, and subsequently measured at cost less accumulated depreciation and impairment losses.

Tangible fixed assets are depreciated over their expected useful lives on the straight-line basis using the following rates per annum:

Leasehold improvements - Over the life of the lease  
Office equipment - 25%  
Furniture and fittings - 25%

**(g) Taxation and deferred taxation**

Tax expense for the period comprises current and deferred tax. Tax currently payable, relating to UK corporation tax, is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted as at the reporting date.

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the reporting date. No provision is made for taxation on permanent differences. Deferred tax assets and liabilities are not discounted. Deferred tax assets are recognised only to the extent it is deemed probable that the assets will be recovered.

**(h) Foreign currencies**

Monetary assets and liabilities in foreign currencies are translated into Pound Sterling at the rates of exchange prevailing at the reporting date. Income and expenses expressed in foreign currencies are translated into sterling at the rates of exchange prevailing on the date of the transaction. Differences arising on the translation of such items are dealt with in the profit and loss account.

**(i) Operating leases**

Lease arrangements are classified as a finance lease where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other lease arrangements are classified as an operating lease. Payments made under operating lease arrangements are charged to profit or loss on a straight-line basis over the lease term. Benefits receivable as operating lease incentives are recognised within profit or loss on a straight-line basis over the lease term.

**(j) Financial Instruments**

Financial assets and liabilities are recognised when the Group becomes party to the contractual provisions of the financial instrument. The Group holds basic financial instruments, which comprise cash and cash equivalents, trade and other debtors and trade and other creditors. The Group has chosen to apply the provisions of Section 11 *Basic Financial Instruments* and Section 12 *Other Financial Instruments*.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2020**

**Financial assets – classified as basic financial instruments**

*Cash and cash equivalents*

Cash and cash equivalents include cash in hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

*Trade and other debtors*

Trade and other debtors are recognised at the transaction price, including any transaction costs. Amounts that are receivable within one year are measured at the undiscounted amount of the cash expected to be received, net of any impairment.

At the end of each reporting period, the Group assesses whether there is objective evidence that any debtor amount may be impaired. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the debtors. The amount of any provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of any provision is recognised immediately in profit or loss.

**Financial liabilities – classified as basic financial instruments**

*Trade and other creditors*

Trade and other creditors are initially measured at the transaction price, including any transaction costs, and where appropriate are subsequently measured at amortised cost using the effective interest method. Amounts that are payable within one year are measured at the undiscounted amount of the cash expected to be paid.

**(k) Provisions**

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that the obligation will be required to be settled, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are discounted when the time value of money is material.

**(l) Employee benefits**

*Short term benefits*

The Company provides short term benefits, including holiday pay and other similar non-monetary benefits to its employees. Short term benefits are recognised as an expense in the period in which the service is received. An accrual is recognised for short term compensated absences where entitlement has accumulated, but has not been taken, at the reporting date.

The Company operates a defined contribution pension scheme. Obligations for contributions to the defined contribution pension scheme are charged to the profit or loss in the period to which the contributions relate.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2020**

**(m) Going concern**

At the time of approving the financial statements, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for at least 12 months from the approval of these financial statements. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

There are current uncertainties in the economy related to the COVID-19 pandemic that emerged in early 2020, which at times led to increased market volatility. The period over which such uncertainties will persist, as well as any longer term adverse effects on the world economies and markets, is difficult to predict as the situation persists. The Company's revenues and results for the next financial year and beyond may be adversely impacted by COVID-19, and the extent of such impact will depend on how long the pandemic continues and other factors, including its effect on world economies and markets.

In coming to this conclusion, the Directors have considered the uncertainties caused by the current COVID-19 pandemic as noted above and the Group's place in the market.

**(n) Judgements and estimates**

In applying the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The Directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

**Critical judgements in applying the Group's accounting policies**

The critical judgements that the Directors have made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

*Assessing indicators of impairment*

In assessing whether there have been any indicators of impairment of assets, the Directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

**Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Determining useful economic lives of property, plant and equipment*

The Group depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2020

## 2. TURNOVER

	2020	2019
	£	£
Turnover by category		
Asset based fees	18,022,848	26,541,841
Performance based fees	1,656,337	1,094,740
	<u>19,679,185</u>	<u>27,636,581</u>
Other operating income by category		
Management recharges	10,816,381	11,722,034
Parent company cost allocation	(4,393,545)	(5,771,213)
Investment advisory fee in respect of GMO IMC	(1,973,450)	(2,265,145)
Gain on sale of Dutch branch and the intangible assets	7,095,267	-
	<u>11,544,653</u>	<u>3,685,676</u>

## 3. OPERATING PROFIT

	2020	2019
	£	£
Operating profit is stated after charging / (crediting):		
Staff costs (note 6)	10,869,174	12,808,774
Depreciation of tangible fixed assets (note 9)	46,857	66,670
Foreign exchange (gain)/loss	(3,179)	96,391
Fees payable to the Company's auditor for the audit of the Group's annual accounts	46,070	43,450
Fees payable to the Company's auditor and its associates for other services:		
- The audit of the Company's subsidiary pursuant to legislation	7,965	6,942
Operating lease charges:		
- Land and buildings	505,676	602,840

## 4. INTEREST RECEIVABLE &amp; SIMILAR INCOME

	2020	2019
	£	£
Interest arising on cash at bank	18,827	46,026
Interest charged on intercompany loan to GMO BV on sale of intangible assets	151,378	-
	<u>170,205</u>	<u>46,026</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2020

## 5. INTEREST PAYABLE &amp; SIMILAR CHARGES

	2020	2019
	£	£
Interest on taxation	2,611	-
Finance costs arising on provisions	1,120	1,929
	<u>3,731</u>	<u>1,929</u>

## 6. EMPLOYEE AND DIRECTOR COSTS

Remuneration - All Group and Company employees	2020	2019
	£	£
Wages and salaries	9,418,550	11,123,207
Social security costs	1,275,696	1,386,988
Pension costs	174,928	298,579
	<u>10,869,174</u>	<u>12,808,774</u>

The average monthly number of persons (including Directors) employed by the Group and Company during the year was:

By activity:	2020	2019
Management and administration	15	18
Client service professionals	5	8
Investment professionals	7	9
	<u>27</u>	<u>35</u>

## Remuneration – Directors and key management personnel

	2020	2019
	£	£
Aggregate remuneration	407,088	1,762,320
Pension contributions	1,720	10,579
Total remuneration of Directors and key management personnel	<u>408,808</u>	<u>1,772,899</u>
Total Director emoluments (including pension contributions)	408,808	1,772,899
Total emoluments of the highest paid Director	408,808	1,339,901
Total social security costs of Directors and key management personnel	55,449	241,017

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2020

7. TAXATION ON THE PROFIT FOR THE YEAR

	2020 £	2019 £
(a) Total tax expense recognised in the statement of comprehensive income, other comprehensive income and equity:		
Current tax:		
UK corporation tax	3,381,392	2,997,662
Foreign tax	1,314	26,974
Double taxation relief	-	(27,669)
Adjustment in respect of prior periods	159,625	3,707
Current tax charge for the year	3,542,331	3,000,674
Deferred tax:		
Origination and reversal of timing differences	24,530	10,662
Adjustments in respect of prior periods (deferred tax)	(142,281)	(2,396)
Effect of tax rate change on opening balance	(13,188)	-
Total deferred tax	(130,939)	8,266
Total tax	3,411,392	3,008,940



NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2020

## 7. TAXATION ON THE PROFIT FOR THE YEAR (continued)

### (b) Reconciliation of tax charge

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

Profit on ordinary activities before tax	18,407,687	15,510,943
Profit on ordinary activities multiplied by the standard rate of corporation tax in UK of 19% (2019: 19%)	3,497,461	2,947,079
<i>Effects of:</i>		
Fixed asset differences	-	5,588
Expenses not deductible for tax purposes	30,746	60,817
Income not taxable for tax purposes	(115,325)	(3,888)
Adjustments in respect of previous periods	159,625	654
Adjustments in respect of previous periods (deferred tax)	(142,281)	-
Remeasurement of deferred tax for changes in tax rates	(13,188)	-
Foreign tax	(669)	(32)
Other movements	(4,977)	(22)
Adjust closing deferred tax to average rate	-	(3,550)
Adjust opening deferred tax to average rate	-	2,294
Total tax charge for the year	<u>3,411,392</u>	<u>3,008,940</u>

### (c) Deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2020 £	2019 £	2020 £	2019 £	2020 £	2019 £
Accelerated capital allowances	145,778	-	(45,018)	(30,177)	100,760	(30,177)
Tax assets/(liabilities)	<u>145,778</u>	<u>-</u>	<u>(45,018)</u>	<u>(30,177)</u>	<u>100,760</u>	<u>(30,177)</u>

## 8. DIVIDEND

	2020 £	2019 £
Dividend paid on 2,500,000 ordinary shares	15,000,000	9,500,000
Dividend in specie on 2,500,000 ordinary shares	7,237,327	-
Total dividend	<u>22,237,327</u>	<u>9,500,000</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2020

9. FIXED ASSETS – TANGIBLE ASSETS

Group and Company	Leasehold Improvements £	Office Equipment £	Furniture and Fittings £	Total £
<b>COST</b>				
As at 1 January 2020	639,151	235,218	149,671	1,024,040
Additions	-	86,445	-	86,445
Disposals	(34,156)	(34,070)	(6,477)	(74,703)
As at 31 December 2020	604,995	287,593	143,194	1,035,782
<b>DEPRECIATION</b>				
As at 1 January 2020	383,943	171,342	145,716	701,001
Charge for the year	26,897	18,545	1,416	46,858
Disposals	(34,156)	(22,111)	(5,116)	(61,383)
As at 31 December 2020	376,684	167,775	142,016	686,475
<b>NET BOOK VALUE</b>				
As at 31 December 2019	255,208	63,876	3,955	323,039
As at 31 December 2020	228,311	119,817	1,178	349,306

## 10. FIXED ASSET INVESTMENTS

Investments in subsidiary undertakings	Company
At 1 January and 31 December 2020	£
	84,153

Additional information regarding the subsidiary held by GMO UK Limited:

Name of Company	Country of incorporation/registration and operation	Class of share held	Percentage of share held	Nature of business
GMO Investment Management Company (Ireland) Limited	Ireland	€1 Ordinary	100%	Investment management

## 11. DEBTORS

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Due within one year:				
Other debtors	63,203	88,098	63,203	88,098
Deferred tax asset	100,760	-	100,760	
Amounts due from parent undertaking	8,697,448	11,544,788	8,697,448	11,544,788
Amounts due from fellow subsidiaries or other group undertakings	100,356	2,129,322	100,356	2,129,322
Prepayments and accrued income	596,487	374,491	356,328	208,764
Total debtors	<u>9,558,254</u>	<u>14,136,699</u>	<u>9,318,095</u>	<u>13,970,972</u>

Unless there is a specific loan agreement in place, amounts due from the parent undertaking and other group undertakings are unsecured, interest-free and repayable as soon as practicable after the conclusion of each fiscal quarter. There are no loan agreements in place on the balances owing as at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2020

## 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Trade creditors	33,586	46,382	29,235	42,190
Amounts due to parent undertaking	402,000	345,500	-	-
Taxation and social security	1,464,802	1,833,676	1,464,802	1,833,676
Corporation tax	206,634	1,541,973	206,623	1,541,942
Accruals and deferred income	5,054,715	4,388,310	5,003,296	4,354,978
<b>Total creditors</b>	<b>7,161,737</b>	<b>8,155,841</b>	<b>6,703,956</b>	<b>7,772,786</b>

Amounts due to the parent undertaking are unsecured, interest-free and repayable as soon as practicable after the conclusion of each fiscal quarter.

## CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Deferred tax liability	-	30,177	-	30,177
Leasehold incentive liability	205,273	134,300	205,273	134,300
<b>Total creditors</b>	<b>205,273</b>	<b>164,477</b>	<b>205,273</b>	<b>164,477</b>

### 13. PROVISIONS FOR LIABILITIES AND CHARGES

	Group and Company 2020 £
At 1 January 2020	115,804
Charge for the year	-
Unwind of discount	1,120
	<hr/>
At 31 December 2020	116,924
	<hr/>

The above obligation relates to the expected cost of £126,395 for restoring the office back to its original state at the end of the lease agreement in 2029. The cost is an estimate based on a professional quote and the timing of payment may vary if the lease is renewed.

### 14. PENSION COMMITMENTS

The Company operates a defined contribution pension scheme with assets held in a separately administered pension fund for each member. Contributions totalling £Nil (2019: £Nil) were payable to the fund at year end. Contributions charged for the year were £174,928 (2019: £298,579).

### 15. CAPITAL AND OTHER COMMITMENTS

As at 31 December 2020, the Group had the following total minimum commitments under non-cancellable operating leases:

	2020 £	2019 £
Land and buildings:		
Not later than one year	585,968	436,214
Later than one year and not later than five years; and	2,491,472	2,423,988
Later than five years	2,251,060	2,891,831

### 16. ULTIMATE PARENT UNDERTAKING

The immediate and ultimate parent undertaking and controlling party is GMO LLC, a Limited Liability Company organised under the laws of Massachusetts USA, which is the parent of both the Company and the Group for which group accounts are drawn up.

## 17. RELATED PARTY TRANSACTIONS

During the year, GMO IMC received fee income from GMO Investments ICAV (the "ICAV"), for serving as the investment manager. Fees receivable from the ICAV for the year amounted to £2,025,855 (2019: £2,350,552). At the balance sheet date, GMO IMC was due £240,156 from the ICAV (2019: £165,508).

Following approval by the Directors, effective 1 January 2020, the Company (i) transferred the business of the Company's Dutch branch to its sister company, GMO Netherlands B.V. ("GMO BV") in exchange for the issue of shares in GMO BV, and; (ii) transferred the shares in GMO BV to GMO LLC by way of a dividend in specie, and; (iii) sold to GMO BV intangible assets representing underlying customer relationships and all related intangibles for certain clients domiciled in the European Union and European Economic Area. The intangible assets sold represented approximately 30% of the assets serviced by the Group. The Company's Dutch branch was deregistered from the Dutch Chamber of Commerce (KvK) effective 1 January 2020.

## 18. POST BALANCE SHEET EVENTS

There were no post balance sheet events relevant to these financial statements.