

# **Marathon Asset Management LLP**

## **Report and Financial Statements**

31 March 2021

THURSDAY



\*AAIZWCJ4\*

A16

09/12/2021

#231

COMPANIES HOUSE

**Members**

W J Arah

N M Ostrer

Marathon Asset Management (Services) Limited

J J Hosking (non-executive member)

**Auditor**

Ernst & Young LLP

25 Churchill Place

London E14 5EY

**Bankers**

Bank of Scotland Plc

33 Old Broad Street

London EC2N 1HZ

**Registered Office**

Orion House

5 Upper St Martin's Lane

London WC2H 9EA

Registered No. OC305964

## **Members' report**

The Members present their report and financial statements of Marathon Asset Management LLP (the "LLP" or "Partnership") for the year ended 31 March 2021.

### **Principal activities and review of the business**

The Partnership provides investment management services to institutional investors in various geographical locations including North America, Europe, South Africa and Australia. It is regulated by the Financial Conduct Authority and is registered as an investment advisor with the US Securities and Exchanges Commission. Pillar 3 disclosures are made on the Partnership's website.

### **Results and profit allocations**

The Members are satisfied with the performance of the Partnership during the year and the current balance sheet position, with members' interests amounting to £61,264,764 (2020 – £63,694,579).

### **Future developments**

The Members have agreed to conduct a business transfer whereby the regulated business along with the assets of Marathon Asset Management LLP will move to a newly created entity, Marathon Asset MGMT Limited.

The changes are anticipated to happen in the second half of 2021 and are pending upon final regulatory approval. Once completed the LLP will be put into liquidation.

### **Principal risks and uncertainties**

The key risks for the LLP include falling world markets and a decline in investment performance relative to those markets. With approximately 17.6% of the LLP's clients on performance-related fee schedules, the immediate risks to the LLP of underperforming funds are a decline in revenues, and the longer-term risk of client losses. Market concerns over the still evolving covid-19 pandemic and its impact on the economy have been soothed by unprecedented global monetary and fiscal stimulus. Marathon's various strategies have benefitted and recorded strong absolute returns. The rotation in markets towards value and smaller cap names in the second half of 2020 resulted in the relative outperformance of the European, International and EM strategies which have a bias to these areas. The Global and Japan strategies, which lagged their respective benchmarks, were starting to benefit from a similar theme towards the end of the period. Performance fee revenues in the year represent approximately 3% of total fee revenues (2020 – 3%).

The LLP also faces structural risks such as a shift in asset allocations by investors away from equities. As over 96% of the LLP's fee revenues are non-sterling denominated, it is also exposed to foreign exchange fluctuations.

Operational risks can be defined as the risk of losses that arise through the inadequacy or failure of internal procedures, people or systems, or as a consequence of external events. The Members consider that there are adequate internal systems and controls in place to manage and mitigate operational risks to acceptable levels.

### **Members' profit allocation**

Any profits are shared among the Members in accordance with the terms of the Partnership Deed dated 2 September 2004 (as amended).

### **Members**

The Members of the Partnership during the year were as follows:

W J Arah

N M Ostrer

Marathon Asset Management (Services) Limited

J J Hosking (non-executive member)

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

Policies for members' drawings, subscriptions and repayment of members' capital are governed by the Partnership Deed.

**Going concern**

The LLP has considerable financial resources. It is envisaged that assets under management will be maintained at such a level that the related management fee income will continue to comfortably exceed costs during the next twelve months.

The Members have assessed that the LLP has adequate resources to continue in operational existence for the foreseeable future. However, it is the intention of the Members to transfer the regulated business and assets of the LLP as a going concern to a newly created entity, Marathon Asset MGMT Limited, within the next twelve months. Accordingly, they adopt a basis other than going concern in preparing the financial statements.

**Covid-19**

Following the advice issued by the UK Government in March 2020 regarding employees working from home and other social distancing measures, the Partnership has engaged with its service provider, Marathon Asset Management (Services) Limited, to enact procedures to facilitate this and has a detailed plan that enables an effective operation to continue whilst employees are not physically present in the office.

**Streamlined Energy and Carbon Report (SECR)**

**Overview of the SECR:**

The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 implement the UK Governments policy on Streamlined Energy and Carbon Reporting (SECR) which apply to reports for financial years starting on or after 1 April 2019.

Large unquoted companies and Limited Liability Partnerships in scope of the legislation are required to disclose energy and carbon information in their annual accounts and reports including:

- UK energy use, to include as a minimum purchased electricity, gas, and transport
- Associated greenhouse gas emissions
- At least one intensity ratio
- Previous year's figures for energy use and GHG emissions (except in the first year)
- Information about energy efficiency action taken in the organisation's financial year
- Methodologies used in calculation of disclosures

The LLP has engaged the services of an energy consultant in order to independently review the energy use data and associated GHG emission calculations and to confirm the accuracy, completeness and consistency of the data used, in line with the principles of ISO14065:2020.

## Marathon Asset Management LLP

### Annual SECR Statement

The total annual energy consumption for the year ending 31 March 2021 was 784,600kWh, which provides total CO<sub>2</sub>e emissions of 173.2 tonnes, as indicated in below table:

	2021		2020	
	GHG emissions – tCO <sub>2</sub> e	Energy consumption for emission calculations - kWh	GHG emissions – tCO <sub>2</sub> e	Energy consumption for emission calculations - kWh
<b>Scope 1 (Direct) GHG emissions:</b>				
Emissions from combustion of gas in buildings	67.6	367,596	62.4	339,319
<b>Scope 2 (Indirect) GHG emissions:</b>				
Emissions from the purchase of electricity for buildings (location-based grid average)	97.2	417,004	110.0	430,336
<b>Scope 3 (Other indirect) GHG emissions:</b>				
Emissions from UK electricity T&D	8.4	-	9.3	-
<b>Totals</b>	<b>173.2</b>	<b>784,600</b>	<b>181.7</b>	<b>769,655</b>
Turnover - £million	174.8		202.2	
Intensity ratio: tCO <sub>2</sub> e gross figure / £ million revenue	0.99		0.90	

#### Notes on energy consumption and GHG emission conversion:

The energy consumption was collated from the electricity invoices and the landlord's annual gas and electricity service charge. The 12th floor electricity meter was still faulty and estimated consumption was calculated. The annual gas service charge consumption increased by 8%. The electricity consumption in this period is 3.1% less due to staff working from home and the overall GHG emissions are down by 4.7%. The 2020 UK Government GHG conversion factors for company reporting were used.

#### Scope and boundaries:

This report covers all the UK energy consumption of Marathon Asset Management LLP and includes all building related gas and electricity consumption.

#### Methodologies used to compile report:

The Energy Savings Opportunity Scheme (ESOS), Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance - March 2019 and the GHG Protocol Corporate Standard was used to compile this report.

#### Energy efficiency action:

During the reporting period no energy efficiency actions were implemented.

#### Auditor

Ernst & Young LLP will be proposed for reappointment by the Members.

Approved by the Members and signed on their behalf



Neil Ostrer  
23 June 2021

## Statement of members' responsibilities

The Designated Members (W J Arah, N M Ostrer and J J Hosking) are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Legislation applicable to limited liability Partnerships (Companies Act 2006 as modified by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) requires the Designated Members to prepare financial statements for each financial year. Under that law the Members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) including FRS 102 'The Financial reporting standard applicable to the UK and Republic of Ireland' and applicable law. Under the relevant legislation the Designated Members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period. In preparing those financial statements, the Designated Members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business. For the reasons stated in the Members' Report and note 1 of the financial statements, the LLP's financial statements have been prepared on other than going concern basis

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARATHON ASSET MANAGEMENT LIMITED LIABILITY PARTNERSHIP ("LLP" or "Partnership")**

### **Opinion**

We have audited the financial statements of the LLP for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Reconciliation of Members' Interests, the Statement of Financial Position, the Statement of Cash Flows and the related notes 1 to 10, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland.

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the LLP's affairs as at 31 March 2021 and of its profit for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the LLP 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.

### **Emphasis of matter - financial statements prepared on other than going concern basis**

We draw attention to note 1 to the financial statements which explains that the members have agreed to conduct a business transfer whereby the regulated business along with the assets of the LLP will move to a newly created entity, Marathon Asset MGMT Limited. The changes are anticipated to happen in the second half of 2021 pending final regulatory approval. Once completed the LLP will be put into liquidation. Therefore the members do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on other than going concern basis as described in note 1. Our opinion is not modified in respect of this matter.

### **Other information**

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

Our opinion on the financial statements does not cover the other information and, 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.

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

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

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

### **Responsibilities of members**

As explained more fully in the Statement of Members' Responsibilities set out on page 5, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

### ***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.



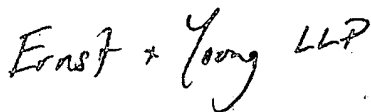
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the LLP and determined that the most significant are United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 and the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008
- We understood how the LLP is complying with those frameworks by making enquiries of management and review of relevant policy and procedures
- We assessed the susceptibility of the LLP's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by designating revenue recognition as a fraud risk. We performed journal entry testing by specific risk criteria, with a focus on top side financial statement adjustments and journals indicating large or unusual transactions based on our understanding of the business. We reviewed and challenged management's assessment of the data inputs and assumptions used; we agreed the data inputs to available data sources; and recalculated for arithmetical accuracy.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries of management and those charged with governance for their awareness of any non-compliance with laws and regulations. We corroborated our enquiries through our review of board meeting minutes, review of breaches and complaints register and review of a sample of legal and professional fee invoices.
- The LLP operates in the wealth and asset management industry which is a highly regulated environment. As such, the Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities to identify non-compliance with the applicable laws and regulations.

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

Handwritten signature of David Reeves in black ink, followed by the text 'Ernst & Young LLP'.

**David Reeves (Senior statutory auditor)**  
**for and on behalf of Ernst & Young LLP, Statutory Auditor**  
**London**  
**24 June 2021**

## Statement of Comprehensive Income

for the year ended 31 March 2021

	Notes	2021 £	2020 £
<b>Turnover</b>			
Management fees	2	174,832,511	202,215,376
Other income		5,659	8,755
<b>Expenses</b>			
Expenses recharged from Marathon Asset Management (Services) Limited		(65,331,866)	(66,950,189)
Operating expenses		(3,397,126)	(1,651,797)
<b>Operating Profit</b>	3	106,109,178	133,622,145
Interest income		6,848	84,030
Foreign exchange (loss) / gain		(2,984,830)	3,315,667
<b>Net profit for the financial year available for division among members</b>		<u>103,131,196</u>	<u>137,021,842</u>

All amounts relate to continuing activities.

## Reconciliation of Members' Interests

for the year ended 31 March 2021

	Members' capital £	Other reserves £	Total members' other interests £	Loans and amounts due to/(from) members £	Members' total interests £
At 1 April 2019	6,300,000	51,752,856	58,052,856	3,420,767	61,473,623
Profits for the year	-	137,021,842	137,021,842	-	137,021,842
Profits allocated	-	(134,920,346)	(134,920,346)	134,920,346	-
Distributed to members	-	-	-	(134,920,346)	(134,920,346)
Other receipts	-	-	-	119,460	119,460
At 31 March 2020	<u>6,300,000</u>	<u>53,854,352</u>	<u>60,154,352</u>	<u>3,540,227</u>	<u>63,694,579</u>
Profits for the year	-	103,131,196	103,131,196	-	103,131,196
Profits allocated	-	(121,821,574)	(121,821,574)	121,821,574	-
Distributed to members	-	-	-	(121,821,574)	(121,821,574)
Other receipts	-	-	-	16,260,562	16,260,562
At 31 March 2021	<u>6,300,000</u>	<u>35,163,974</u>	<u>41,463,974</u>	<u>19,800,789</u>	<u>61,264,763</u>

The accompanying notes 1 to 10 form an integral part of these financial statements.

## Statement of Financial Position

at 31 March 2021

	Notes	2021 £	2020 £
<b>Current assets</b>			
Debtors	5	45,033,149	52,448,414
Cash at bank and in hand		<u>17,521,344</u>	<u>12,987,298</u>
		62,554,493	65,435,712
<b>Creditors: amounts falling due within one year</b>	6	<u>(21,090,519)</u>	<u>(5,281,360)</u>
<b>Net current Assets</b>		<u>41,463,974</u>	<u>60,154,352</u>
<b>Net Assets attributable to members</b>		<u>41,463,974</u>	<u>60,154,352</u>
<b>Equity</b>			
Members' capital		6,300,000	6,300,000
Other reserves		<u>35,163,974</u>	<u>53,854,352</u>
		<u>41,463,974</u>	<u>60,154,352</u>
<b>Members' total interests</b>			
Amount payable to members		19,800,789	3,540,227
Members' other interests		<u>41,463,974</u>	<u>60,154,352</u>
Members' total interests		<u>61,264,763</u>	<u>63,694,579</u>

The accompanying notes 1 to 10 form an integral part of these financial statements.

The financial statements were approved by the Members on 23 June 2021.

For and on behalf of the Members



Neil Ostrer

## Statement of Cash Flows

for the year ended 31 March 2021

	Notes	2021 £	2020 £
<i>Net cash inflow from operating activities</i>	7 (a)	<u>126,348,772</u>	<u>140,737,584</u>
<i>Investing activities</i>			
Interest received	7 (b)	<u>6,848</u>	<u>84,030</u>
<i>Net cash flow from investing activities</i>		<u>6,848</u>	<u>84,030</u>
<i>Financing activities</i>			
Distribution to members	7 (c)	<u>(121,821,574)</u>	<u>(134,920,346)</u>
<i>Net cash flow from financing activities</i>		<u>(121,821,574)</u>	<u>(134,920,346)</u>
<i>Net increase / (decrease) in cash and cash equivalents</i>	7 (d)	<u>4,534,046</u>	<u>5,901,268</u>
<i>Cash and cash equivalents at 1 April 2020</i>		<u>12,987,298</u>	<u>7,086,030</u>
<i>Cash and cash equivalents at 31 March 2021</i>		<u>17,521,344</u>	<u>12,987,298</u>

The accompanying notes 1 to 10 form an integral part of these financial statements.

## Notes to the financial statements

at 31 March 2021

### 1. Accounting policies

#### *Statement of compliance*

Marathon Asset Management LLP is a limited liability Partnership incorporated in the United Kingdom. The registered office of the LLP is Orion House, 5 Upper St Martin's Lane, London WC2H 9EA.

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and in accordance with requirements of the Companies Act 2006 as applied to limited liability Partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

#### *Basis of preparation*

The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting standards and the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' dated July 2014.

These financial statements are prepared on other than going concern basis. Under this basis assets are recorded at their net realisable value and liabilities are recorded at their expected settlement value. The Members have agreed to conduct a business transfer whereby the regulated business along with the assets of Marathon Asset Management LLP will move to a newly created entity, Marathon Asset MGMT Limited.

The changes are anticipated to happen in the second half of 2021 and are pending upon final regulatory approval. Once completed the LLP will be put into liquidation.

The LLP has considerable financial resources to meet its liabilities as they fall due. The costs associated with liquidation of the LLP are not considered material and so have not been provided for in these financial statements.

#### *Taxation*

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

#### *Foreign currencies*

The functional and presentational currency is pound sterling (GBP) because the LLP's primary economic environment is the UK and its cost base is in pound sterling.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the Statement of Comprehensive Income.

#### *Members' profit allocations*

Members' profit allocations are recognised when formally approved.

#### *Interest*

Interest is recognised on an accruals basis.

#### *Revenue recognition*

Revenue is recognised on an accruals basis, net of VAT.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and instant-access money market investments.

#### *Debtors*

Debtors are measured at fair value on initial recognition.

## Notes to the financial statements

at 31 March 2021

### *Creditors*

Creditors are measured at fair value on initial recognition.

### *Operating leases*

Rentals payable under operating leases are charged in the Statement of Comprehensive Income on a straight-line basis over the lease term.

## 2. Turnover

Turnover represents investment management fees stated net of value added tax. These are recognised as they fall due under the terms of the individual client agreements on an accruals basis. No accruals are made for performance related fees expected until such time as the amount receivable has been earned in accordance with the client agreement and after making provision for any claw backs of income that are likely to arise over the term of the agreement.

The turnover and pre-tax profit is attributable to one activity, the provision of investment management services in the UK.

An analysis of turnover by geographical market is as follows:

	2021 £	2020 £
United Kingdom	5,568,283	6,239,277
North America	140,728,753	158,315,338
Rest of the World	28,535,475	37,660,761
	<u>174,832,511</u>	<u>202,215,376</u>

## 3. Operating Profit

The auditor's remuneration of £43,800 (2020 – £42,400) has been borne by Marathon Asset Management (Services) Limited through the expense recharge.

The Partnership has no employees and outsources its administration to Marathon Asset Management (Services) Limited.

## 4. Members' remuneration

	2021 £	2020 £
Profit for the year available for division among members	<u>103,131,196</u>	<u>137,021,842</u>
Amount in relation to the member with the largest entitlement to profit	<u>40,488,025</u>	<u>44,787,526</u>

The average number of members (including non-executive members) in the year was 4 (2020 – 4).

## Notes to the financial statements

at 31 March 2021

### 5. Debtors

	2021	2020
	£	£
Accrued income	36,504,457	41,017,831
Trade debtors	1,997,694	3,199,133
Other debtors	6,530,998	8,231,450
	<u>45,033,149</u>	<u>52,448,414</u>

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

	2021	2020
	£	£
Amount payable to members	19,800,789	3,540,227
Other creditors	1,289,730	1,741,133
	<u>21,090,519</u>	<u>5,281,360</u>

### 7. Notes to the statement of cash flows

#### (a) Reconciliation of operating profit to net cash flows from operating activities

	2021	2020
	£	£
Operating profit	106,109,178	133,622,145
Foreign exchange (loss) / gain	(2,984,830)	3,315,667
Decrease in debtors	7,415,265	3,886,198
Increase / (Decrease) in creditors	15,809,159	(86,426)
	<u>126,348,772</u>	<u>140,737,584</u>

#### (b) Investing activities

	2021	2020
	£	£
Interest received	<u>6,848</u>	<u>84,030</u>

#### (c) Financing activities

	2021	2020
	£	£
Distributions paid	<u>(121,821,574)</u>	<u>(134,920,346)</u>

## Notes to the financial statements

at 31 March 2021

(d) Analysis of net cash flows

	<i>At 1 April 2020 £</i>	<i>Cash flow £</i>	<i>At 31 March 2021 £</i>
Cash at bank	12,987,298	4,534,046	17,521,344

(e) Reconciliation of net cash flow to movement in net funds for the year ended 31 March 2021

	<i>2021 £</i>	<i>2020 £</i>
Increase in cash in year	4,534,046	5,901,268
Change in net funds resulting from cash flows	4,534,046	5,901,268
Net funds at 1 April 2020	12,987,298	7,086,030
Net funds at 31 March 2021	17,521,344	12,987,298

### 8. Events since the balance sheet date

There are no significant events occurring after the balance sheet date, up to the date of approval of the financial statements that would meet the criteria to be disclosed or adjusted in the financial statements as at 31 March 2021 and for the year then ended.

### 9. Financial commitments

At 31 March 2021 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings 2021 £</i>	<i>2020 £</i>
Operating leases which expire:		
Less than 1 year	1,522,951	1,522,951
1 to 5 years	3,404,734	4,927,685
	<u>4,927,685</u>	<u>6,450,636</u>

The operating lease will novate to Marathon Asset Management (Services) Limited under the same terms and conditions. The novation is anticipated to occur in the second half of 2021.

### 10. Related party transactions

Marathon Asset Management (Services) Limited provides services to the Partnership and recharges its expenses to the Partnership, in addition to receiving an allocation of profit. The profit allocation for the year ended 31 March 2021 was £20,601,512 (2020 – £22,951,531) and the recharged expenses totalled £65,331,866 (2020 – £66,950,189). The amount payable at 31 March 2021 was £19,800,789 (2020 – £3,540,227).