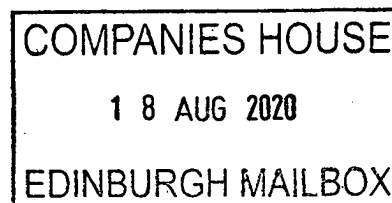
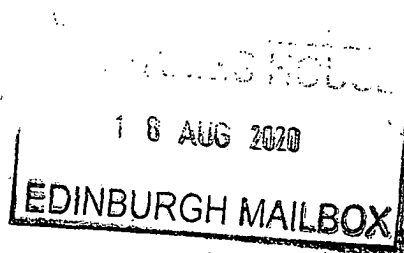


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GENERATION INVESTMENT MANAGEMENT LLP

MEMBERS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2019

PARTNERSHIP REGISTRATION NUMBER: OC307600



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MISSION AND VALUES OF THE FIRM

MISSION

- > To deliver superior investment performance by consistently taking a long-term view and fully integrating sustainability research within a rigorous framework of traditional financial analysis. Delivering outstanding investment results will also achieve our goal of proving the business case for Sustainable Capitalism.
- > To create long-term client partnerships by delivering unique investment insights and exceptional client service.
- > To attract, retain and develop the best professionals within a passionate investment culture and with whom we share a commitment to Our Values.

VALUES

COMMITMENT TO CLIENTS

We are committed to providing exceptional client service – above all by delivering superior long-term performance – and by ensuring that our interests are fully aligned with those of our clients.

INTEGRITY

Integrity and honesty form the bedrock of our business. We expect the highest ethical standards in our work and personal lives.

EXCELLENCE AND INNOVATION

We aim for excellence in all that we do, and ensure that our investment processes encourage rigorous research, curiosity and continuous learning. We believe interdisciplinary, diverse teams are the most likely to yield new insights and produce the best results for our clients over the long-term.

TEAMWORK

Teamwork underpins our one-firm culture. We consider each of the women and men with whom we work as individuals entitled to respect and dignity, and we recognise and reward their contributions on the basis of merit.

COMMUNICATION

Effective communication is critical to teamwork and to our relationships. We encourage and especially value hearing different viewpoints and respectful challenges to consensus opinions.

DIVERSITY

Diversity, in the broadest sense, helps drive our success. A welcoming work environment, where individuals can bring the totality of their experience and perspectives, is an invaluable contributor to greater economic success.

SUSTAINABILITY RESEARCH

Our investment philosophy, which integrates sustainability research with traditional financial analysis, affords us the highest opportunity to deliver outstanding investment results.

INDEPENDENCE

We have chosen an independent, private, owner-managed partnership as an enduring business model. Similarly, we are committed to remaining a boutique investment firm focused on continual improvement in our performance.

RESPONSIBLE CITIZENSHIP

We recognise and accept our responsibility to live in accordance with our values, to be responsible to the communities in which we live and work, and to the world community. We aim to reduce our environmental footprint where possible; we are mindful of ways to help our employees fulfil their personal responsibilities; and we actively encourage philanthropic engagement.

SUSTAINABLE CAPITALISM

Through engagement with our clients, our portfolio companies and the broader financial markets, we strive to promote a more sustainable form of capitalism. The Generation Foundation is an important element of this work.

MEMBERS AND PROFESSIONAL ADVISORS

The Partners who served the Partnership during the year and up to the date of signing the financial statements were as follows:

DESIGNATED MEMBERS AND PROFESSIONAL ADVISORS

Designated members:

D W Blood
A M Marshall
A C Sullivan

Other members:

L Anderson
R D Beaumont (Resigned 30 June 2019)
J D Bernstein
G A L Bennett (Appointed 1 January 2020)
M K Bray
P Coates
D Deme
K Dicker (Resigned 31 December 2019)
B P Dineen
M Ferguson
E Gilmore
A A Gore
P Harris
M A Huang (Appointed 1 January 2020)
P R Jain
V Jain
N Kukrika
C M le Duc
F M Lugangira (Appointed 1 January 2020)
M K McBrinn
H A Mehn
M C Mills
A M Mobbs (Appointed 1 January 2020)
R Narayanan
M R Nogales
L M Preston
R Rajeswaran
E N Rosenthal
J M Tuffield
L Wollman
A C Woolf (Appointed 1 January 2020)
Z Yin

Registered office and business address:

20 Air Street
London
W1B 5AN

Independent auditors:

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

LETTER FROM OUR SENIOR PARTNER

Generation is a pure play sustainable investment manager – it is all we do, and all we will ever do. We see long-term investing as best practice and sustainability as the organising construct of the global economy. We use Environmental, Social and Governance (ESG) factors as tools to evaluate the quality of business and management. We believe this approach reveals important and relevant insights which other investment frameworks may miss and which ultimately leads to superior, risk-adjusted investment results. In fact, as the Global Equity strategy nears its fifteenth anniversary on the 1st of April, we are gratified with the long-term progress of the strategy, and feel that it clearly demonstrates we are not trading value for values.

Long-term investing has been a founding principle since our inception. We believe that providing entrepreneurs and business leaders with time to develop their ideas and invest for the long term is critical to driving the development of sustainable business. To that end, we are also now accelerating investment in our Long-term Equity (LTE) capability within private markets.

Generation's LTE strategy targets the more mature end of private markets where there is still a long runway for growth and where sustainability is a core part of the investment thesis. The first investment under this strategy was made in a fintech company called FNZ in 2018, in partnership with Caisse de dépôt et placement du Québec (CDPQ). We will continue to evaluate new investment opportunities as we look to grow LTE.

Sustainable investing is becoming mainstream

Increasing numbers of asset owners, investment managers and companies are taking steps toward addressing longer-term challenges facing businesses and society. The past year saw establishment institutions like the Business Roundtable and BlackRock commit publicly to important parts of the sustainability agenda. Collectively, these commitments represent a shift towards managing outcomes for the benefit of a broader range of societal stakeholders instead of focusing in isolation on shareholder primacy.

Why is this happening? We believe it is because more leaders are recognising that what is good for the planet and society is inextricably linked to the long-term viability of their businesses and investments.

The question is not whether these commitments are welcome steps – they are – but whether they will be anywhere near enough to address the challenges of our climate crisis, achieve the Sustainable Development Goals (SDGs) and accomplish the Just Transition so necessary in the decade ahead. Even as we work together in common cause, we believe it is imperative to ask these pledge-making institutions for evidence of their progress and challenge them to become more rigorous in their efforts.

All investment has impact

Investment managers will be evaluated against three criteria going forward: risk, return and impact. Over the next five years there will be a greater focus on impact, measurement and reporting. Civil society, government and the owners of capital must insist that businesses and investors make a positive contribution. Consideration of material ESG issues in investment decision-making is already required, thanks to a shifting policy landscape and ever-improving data that have removed any remaining doubt that ESG issues are material.

That, however, does not go far enough. Our climate crisis and worsening environmental and social degradation are having a system-wide impact on investments, and investors now need to look beyond how sustainability can affect their investments and take responsibility for how their investments affect economic, environmental and human systems. That is the subject of our Foundation's recent partnership – A Legal Framework for Impact – with the Principles for Responsible Investment (PRI) and the United Nations Environment Programme Finance Initiative.

LETTER FROM OUR SENIOR PARTNER (CONTINUED)

To take on this challenge, the project will determine what, if any, legal obstacles stand in the way of allocating mainstream capital to align with impact goals, like limiting global warming to 1.5 degrees Celsius or achieving the SDGs. It will highlight areas of excellence in places where the legal systems are most advanced, and it will identify what changes need to be made (and by whom) to build the foundations for a sustainable financial system. Freshfields, the legal partner for the project, is currently undertaking an assessment of these issues in select jurisdictions around the world.

Generation is proud to be a supporter and champion of many of the initiatives that have shaped sustainable finance over the past 15 years. We were an early supporter of organisations like PRI, the Task Force on Climate-related Financial Disclosures (TCFD) and the Global Impact Investing Network. Through the firm and the Foundation, we supported the launch of the Sustainability Accounting Standards Board, B Lab, Mission 2020 and the Impact Management Project among many others. We will continue to support the community and infrastructure of sustainable finance and to recognise the vital role they play in the transition to a sustainable economy.

Investing in advocacy and the Generation Foundation

Generation is investing to advance its advocacy efforts in a rapidly changing landscape. As the world's attention turns increasingly towards sustainability challenges, we see a unique opportunity to influence public debate and achieve broader impact. By speaking up publicly, our aim is to motivate more asset owners, investors and businesses to raise their sustainability ambitions and take action.

Our investments include appointing a dedicated research colleague, who launched our Insights series in December 2019, which complements our annual Sustainability Trends Report. With Insights, we aim to share parts of our 15-year experience with others, including those who are newer to sustainability. In the meantime, we will press our portfolio companies in 2020 to set sustainability ambitions consistent with the Science Based Targets Initiative and to report under TCFD. We are also investing to build a dedicated engagement function which aims to increase the impact of our interactions with portfolio companies.

The precious gift of time afforded to us by our clients is our greatest competitive advantage. Thank you! We are pleased to say 26% of our clients are philanthropic foundations and charities, and 35% are pension funds. Generation reports its portfolio impacts in direct communications to clients. We will also report later this year under the TCFD framework and will disclose this on our website.

The Partners of Generation allocate 5% of distributable profits to the Generation Foundation. The Foundation has matured and developed over the last 15 years. In its early years, the role of the Foundation was to explain to a wider audience what sustainable investment is. In 2012 the Foundation published a prescient white paper, Sustainable Capitalism, describing why investors should embrace sustainable investment. In 2015 it shifted its focus to how investors can do so, as it published the white paper Allocating Capital for Long-term Returns. It also began research partnerships focused on the development and improvement of practical tools to accelerate the shift to a more sustainable economic system.

The Foundation is now entering the next phase of its work. Its updated strategy is a response to the urgency of the issues we are facing, and marks a shift from incremental, behind-the-scenes work, to targeted action in areas that contribute to the achievement of two related impact goals: limiting warming to 1.5 degrees and creating a fairer economic system. The strategy is ambitious and prioritises urgent action on topics that we believe we are well-positioned to address: carbon pricing, investor climate action, economic inequality and gender equity.

LETTER FROM OUR SENIOR PARTNER (CONTINUED)

A deeply shared spirit of ambition and community is reflected in tangible ways across Generation

Advancement of the public good is a critical imperative at Generation – because it is the right thing to do and also because it leads to better innovation and business outcomes.

We are grateful that, in 2019, 100 percent of our employees contributed to causes eligible for our Matched Giving programme. In addition, we stepped up our mental health awareness programme with our first-ever mental health training sessions.

There are 32 Partners at the firm of whom 13 are women (or 41%). Our promotion and remuneration processes are rigorous and meritocratic. There is equal compensation for equal roles. However, on a UK government-endorsed statistical basis, Generation still has a disappointing gender pay gap. This is due to a large percentage of junior employees who are women and fewer senior women investment professionals. This is uncomfortable and unacceptable. Excluding the Founding Partners, we aim to eliminate the gender pay gap within the next five years.

We have invested to ensure that our workspaces meet the highest environment impact standards. Our London office building has achieved the “Excellent” level of BREEAM certification, which is considered an industry standard, and our San Francisco office has obtained the Platinum LEED designation, the highest level possible. In addition, we installed a new state-of-the-art teleconferencing capability in late 2019, and our aim is to travel to fewer and fewer long-distance meetings as the quality of the virtual experience improves.

As a firm, we are committed to off-setting what we see as the unavoidable carbon emissions of our business activities on an annual basis. While we strive to manage our usage and sourcing decisions, we recognise the constraints inherent within the necessary business travel, especially air travel. We base the measurement and off-setting of the firm’s carbon footprint on our business travel and office use, as well as the carbon emissions created by Generation team members and their families in the course of their personal lives. We chose the highest standard of carbon credit instrument and, more importantly, we ensure that the underlying projects offer sustainable, lower-emission alternatives to existing practices. We consult with third parties to apply the most widely accepted emissions factors to measure our travel, energy use and household data. While we appreciate that carbon credits do not provide a complete solution, we do believe they contribute to mitigating our overall environmental impact.

“You may choose to look the other way, but you can never say again you did not know.”

William Wilberforce

While parts of society have made extraordinary progress over the last decade, even a doubling of this incremental change will not be sufficient to help achieve the objective of limiting global temperature rise to 1.5 degrees. The urgency of our climate crisis requires transformational change. Entire sectors will need to be transformed: energy, agriculture and food, fishing and ocean protection, forestry, the built environment, mobility and transport and other carbon intensive businesses such as chemicals and heavy manufacturing. In addition, industries not typically associated with climate change -- like technology, healthcare, finance and investment management itself -- will be materially impacted as we decarbonise. In essence, everything we have done and are doing today will need to change.

We need to raise ambition. We need to change what people think is possible. This transition will be the most significant change in economic history. The sustainability revolution, coupled with the technology revolution, will be deeper and more far-reaching than the industrial revolution and will unfold faster than the digital revolution. The landmark report from New Climate Economy in 2018 estimates this enormous transition represents a \$26 trillion opportunity over the next 10 years. As investors, we know the sustainability revolution is about both risk and opportunity. We should all be clear that this is the growth story for our time.

LETTER FROM OUR SENIOR PARTNER (CONTINUED)

Since our founding, we have considered poverty and social justice on the one hand, and sustainable development and the environment on the other hand, as two sides of the same coin. And make no mistake: we will succeed in addressing the challenges of climate only when we address the impact on people and communities in both the developing and developed world.

All of this underscores the absolute necessity to assess the impact of business and finance. Allocating capital to positive impact is the only way we can achieve a zero net carbon, prosperous, equitable, healthy and safe society.

"If there must be trouble, let it be in my day, that my child may have peace."

Thomas Paine

Many of us are acutely focused on averting catastrophic climate change ahead of the potential point of no return that some scientists are warning could arrive as early as 2030. The irony for those who wonder what our world might look like in 2030 if we do not limit global warming to the 1.5 degree Paris Agreement goal, is that part of the answer is already here in 2020: it looks like bushfire-scarred parts of Australia now.

In 2019 the average temperature in Australia was 1.5 degrees higher than the average temperature 100 years ago. It is painful to imagine what our world would look like in 2030 if we go beyond 1.5 degrees. And if we already know the horrific consequences about which scientists have been loudly warning, isn't it manifestly unacceptable and unethical to not do everything in our collective power to change our present trajectory and avoid the destructive outcomes that would lead all future generations to condemn an unforgivable failure to safeguard their future?

At Generation, we believe the next decade will be the most important one of our careers. We believe that we have to do more in our existing businesses and more in our Foundation. We have to do more in our advocacy and more in driving impact for impact's sake. And while we don't know yet exactly what that means, we are working hard at Generation on how to do that anyway.

In 2019, the Partners of the firm pledged an additional 5% of distributable profit towards an "Impact Pot". We are actively reviewing a number of ideas around convening asset owners, and around nature-based climate solutions, data and climate-first investment strategies. We look forward to working with our stakeholders on these ideas and others. We aim to be part of the solution, and we know that we can only do it with you. You'll know and we'll know whether we've been successful in a mere 10 years' time.

David Blood,
Senior Partner, on behalf of the Partners and employees of Generation Investment Management

MEMBERS' REPORT

The members have pleasure in presenting their report and the audited consolidated financial statements of Generation Investment Management LLP ("Generation", "Partnership", "limited liability partnership" or "LLP") and its subsidiaries (together the "Group") for the year ended 31 December 2019.

OUR ORGANISATION AND ITS GOVERNANCE

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

Generation Investment Management LLP is an independent, private, owner-managed limited liability partnership.

The Group is dedicated to the principles of long-term investing, integrated sustainability research and client alignment. Its principal activity is the provision of investment management services to institutional clients and other sophisticated investors.

The Partnership is authorised and regulated in the United Kingdom by the Financial Conduct Authority. Although the Partnership is not registered with the U.S. Securities and Exchange Commission ("SEC") as a Registered Investment Advisor, it files reports as an Exempt Reporting Adviser. The Partnership's subsidiary, Generation Investment Management US LLP ('US LLP'), is registered with the SEC as a Registered Investment Advisor.

DESIGNATED MEMEBERS

The following Designated members held office during the year:

- > D W Blood
- > A M Marshall
- > A C Sullivan

GROUP STRUCTURE

The US-based individual members of Generation Investment Management LLP are direct partners in Generation Investment Management US LLP in addition to being members of Generation Investment Management LLP. These individuals hold varying amounts of partnership capital in the US LLP and are entitled to allocations of profits from this partnership.

As a result of this, the interests of these members in the US LLP are considered to form a non-controlling interest in the Group results as reflected in these financial statements. The impacts of this include a separate disclosure regarding the allocation of Group profits deriving from the US LLP in the Consolidated Statements of Comprehensive Income; and the allocation of Equity interests in the Group balance sheet and the Consolidated Statement of Changes in Equity: see Note 16 for further details.

RESULTS FOR THE YEAR AND ALLOCATION TO MEMBERS

The Group's total consolidated profit for the year was £284.7m (2018: £236.8m), of this the profit for the year available for discretionary division to members of Generation Investment Management LLP was £254.5m (2018: £207.5m). The remaining profit for the year of £30.1m (2018: £29.4m) was available for discretionary division between the members of the partnership who have a direct partnership interest in the US LLP.

The total net assets of the Group as at 31 December 2019 were £137.3m (2018: net assets of £128.9m). Of these £130.2m (2018: £116.2m) were attributable to the members for the partnership while £7.1m (2018: £12.7m) were attributable to the non-controlling interest as held by the individual direct partners in US LLP. This non-controlling interest in the assets represent the total capital contributions made by these partners into the US LLP together with their allocated share of the undistributed profits of that entity.

MEMBERS' REPORT (CONTINUED)

GOVERNANCE

David Blood (Senior Partner) together with the other members of the Management Committee are responsible for the supervision of the firm with regards to its actions in meeting its Mission and Values. The Senior Partner has specific responsibility for ensuring the firm has an effective organisational structure which is consistent with its goals and objectives. In conjunction with the Management Committee he is tasked with developing the firm's strategic direction and protecting its culture and values. The Management Committee is Generation's senior governing body. Its primary responsibility is to prepare and execute on the firm's business plans. Other key functions include monitoring the performance of the Senior Partner, ensuring the adequacy of the firm's risk management arrangements, agreeing the remuneration arrangements of the staff and members and conducting oversight of the investment committees of Generation's investment strategies. All the members of the Management Committee have been designated as Senior Managers under the FCA's Senior Manager and Certification Regime and have been allocated specific individual responsibilities for which they are fully accountable to the FCA. The Management Committee is supported by a committee structure as follows:

- > The Operating Committee (which serves as the oversight group to business heads, who handle daily workflow and manage risk events)
- > The Remuneration Committee (which implements the Remuneration Policy approved by the Management Committee)
- > The Risk Oversight Group ("ROG") (instructed by the Management Committee to provide focused support and governance on risk matters)
- > The Valuation Oversight Group (which implements the Valuation Policy approved by the Management Committee)

In particular, the Management Committee delegates the day to day execution of operational matters to the Operating Committee, including items that are flagged at the Risk Oversight Group as requiring attention. Amongst others, Generation's Heads of Legal and Compliance, Risk, Personnel, Technology and Finance sit on the Operating Committee alongside the firm's Chief Operating Officer. The Committee is accountable to the Management Committee for execution of firmwide strategy in the areas of Risk and Control.

Although ultimately responsible and accountable, the Management Committee has delegated the oversight of the firm's risk management arrangements to the ROG. The ROG is a senior governance body with the responsibility for ensuring there are suitable and adequate internal financial controls and risk management systems in place (including those required by Alternative Investment Fund Managers Directive) and ensuring that Generation performs an assessment and evaluation of the risks facing the firm and the control procedures to manage these risks. The Management Committee has instructed the ROG to provide focused support, oversight and governance on all risk matters. In this role, Generation considers the ROG to be functionally independent in its oversight.

Where the ROG identifies material matters in respect of its responsibilities and duties, and considers action or improvement is needed, it makes such recommendations as appropriate to the Management Committee. During 2019, the ROG met on six occasions.

Generation has an internal risk function which reports to the ROG and has responsibility to ensure the firm's systems and controls are regularly reviewed to determine whether such arrangements remain effective and appropriate in respect to the risks faced by the firm. In addition, compliance monitoring programs are conducted by independent compliance consultants, who report to the ROG.

MEMBERS' REPORT (CONTINUED)

The members of Generation instruct the preparation of an annual Report on Internal Controls in accordance with guidelines from the International Auditing and Assurance Standards Board (ISAE 3402) and the Institute of Chartered Accountants of England and Wales (AAF 01/06). The report sets out our key control objectives and the processes and procedures deployed in achieving them. We are pleased to note that the 2019 report contained a positive opinion on the appropriateness and operation of our key controls. The Report is made available to Generation's clients upon request.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's operations expose it to a variety of financial risks. These are explored in more detail in Note 15 to the financial statements. In accordance with the rules of the Financial Conduct Authority, the Group has published information on its risk management objectives and policies and on its regulatory capital requirements and resources. This information is available at www.generationim.com/disclaimer-and-regulatory-information/.

Risk management is an inherent part of Generation's business activities. The Group's risk management framework and governance structure are designed to provide comprehensive controls and ongoing management of its principal risks.

Since June 2016 we have been monitoring developments as the United Kingdom prepares to leave the EU. Some areas of focus have included the people implications of the change (ensuring that our individuals remain able to freely work in the UK and travel overseas); the regulatory implications for Generation as a UK-based AIFM (ensuring that Generation can continue to provide investment management services to all its EU-based clients and funds); and the financial and credit challenges. Although this work has required resource commitment, we believe that the Group is well placed to continue its business undisturbed by Brexit and we do not anticipate any ongoing significant financial impacts to the Group.

The Group continues to monitor developments around the Coronavirus (COVID-19): areas of focus include the health and wellbeing of our staff; the operational challenges of complying with travel and working restrictions imposed across the world and also the financial challenge to the Group's revenues presented by the increased volatility in global markets. Management have reviewed the Group's expected trading performance including sensitivity analysis and believe that it remains well placed to deal with these business challenges. While the crisis continues to develop, we do not currently anticipate any significant financial steps will be required for the Group as a result of the crisis.

Information security or cybersecurity risk management remains one of the firm's key operational risk areas of focus. We are vigilant and continue to keep abreast of the latest risks, while taking measures to mitigate them. We are working with our technology service provider and other external specialists to ensure our systems are constantly monitored for any potential attacks and put in place plans to effectively manage any breaches.

POLICY WITH RESPECT TO MEMBERS' DISTRIBUTIONS AND THE SUBSCRIPTION AND REPAYMENTS OF MEMBERS' CAPITAL

Distribution of profits can be made at the discretion of the members' Management Committee, taking into account a range of factors including the anticipated liquidity requirements of the LLP and the relevant member shares. Distributions may be paid net of a tax retention which is released to members to pay tax as required. The balance of tax retained from members is shown within Amounts due to members in Note 18. A member may at any time and with the agreement of the Management Committee make a further contribution to the LLP by way of equity or debt.

CAPITALISATION

The current level of capital is considered to be sufficient to permit Generation to meet its business and regulatory requirements.

MEMBERS' REPORT (CONTINUED)

EMPLOYEE INCENTIVE BENEFIT PLAN (EIBP)

The Group promotes the alignment of employee interests with those of its clients. The Group operates an Employee Incentive Benefit Plan to further this alignment as detailed in Note 9. Generally, and subject to the EIBP Rules, the awards vest after three years and after five years the investments may be realised and cash payments made based upon the current redemption value of those investments. In respect of the majority of these awards, Generation has made contributions to an Employee Benefit Trust. This trust currently holds assets valued at £7.2m (2018: £6.5m) with the Group having made an offsetting provision of £5.5m (2018: £4.6m) in respect of the deferred remuneration due to employees and members. For other scheme awards the Group holds current assets on its balance sheet valued at £1.7m (2018: £2.0m) with a provision of £1.3m (2018: £1.6m) in respect of the deferred remuneration due to employees and members.

FCA REMUNERATION CODE DISCLOSURES

In accordance with the rules of the Financial Conduct Authority, it is the intention of the members to comply with the FCA Remuneration Code disclosures. This information is available at www.generationim.com.

PEOPLE

At Generation, our people are our business and we strive to attract, retain and develop the best professionals and foster a healthy, team-oriented, diverse culture that enables us to deliver the best possible results for our clients. We are committed to hiring and retaining the people who share our vision for a more sustainable economy. Our people are a testament to this commitment. Teamwork underpins our one-firm culture. We consider each of the women and men with whom we work as individuals entitled to respect and dignity, and we recognise and reward their contributions on the basis of merit.

To attract, retain and develop our professionals we seek to provide our team members with the opportunity to:

- > interact with highly-skilled professionals in a positive workplace environment;
- > find personal fulfilment from succeeding, learning and developing in challenging roles; and
- > deliver meaningful results to our clients in a way that fulfils our Mission while maintaining our Values and ensuring that our own interests are aligned with those of our clients.

We pride ourselves on our diverse and inclusive workplace. Diversity, in the broadest sense, helps drive our success. A welcoming work environment, where individuals can bring the totality of their experience and perspectives, is an invaluable contributor to greater economic success. Our strong culture, sense of mission, thoughtful incentive structures and welcoming workplace environment are important contributors to achieving our objectives.

As of 31 December 2019, 90 people worked at Generation from 25 nationalities, speaking 17 languages combined. Overall 53% of our total workforce is female, including 35% of Partners and 25% of the Management Committee. We are proud that women represent a significant proportion of our leadership and we will seek to continue to improve this number as we hire, develop and retain talented people.

Our staff turnover in 2019 was 11.5% (2018: 16%); this is higher than our long-term trend.

Our lowest base annual salary is almost twice the London Living Wage.

All staff are eligible to request further job related training and are encouraged to consider learning as a lifelong process. The firm covers course costs and materials for staff studying a number of business relevant professional qualifications and undertaking a number of other technical courses as well as costs to attend industry seminars. Professional membership fees are also paid for by the firm.

MEMBERS' REPORT (CONTINUED)

ENVIRONMENTAL FOOTPRINT OF OUR OPERATIONS

As a firm, we are committed to off-setting what we see as the unavoidable carbon emissions of our business activities on an annual basis. While we strive to manage our usage and sourcing decisions, we recognise the constraints inherent within the necessary business travel, especially air travel. We base the measurement and off-setting of the firm's carbon footprint on our business travel and office use, as well as the carbon emissions created by Generation team members and their families in the course of their personal lives. We chose the highest standard of carbon credit instrument and, more importantly, we ensure that the underlying projects offer sustainable, lower-emission alternatives to existing practices. We consult with third parties to apply the most widely accepted emissions factors to measure our travel, energy use and household data.

CARBON OFF-SETTING

Carbon Footprint Ltd evaluated our greenhouse gas (GHG) emissions for the year to 31 December 2019 based on a dataset provided by the firm. The table below demonstrates comparative results showing:

- > Absolute emissions have increased compared to 2018
- > Benchmarked against the number of employees and turnover, emissions per Generation individual have decreased
- > Air travel accounts for more than 90% of Generation's carbon footprint
- > Generation has expanded the scope of the assessment this year to include water consumption and waste

ELEMENT	APPRAISAL YEAR		% CHANGE
	2019 TONNES CO ₂ E	2018 TONNES CO ₂ E	
Flights	1,792	1,722	4%
Site gas *	10	n/a	n/a
Site electricity	125	108	16%
Site district heating	14	14	nil
Water (and wastewater) *	0.6	n/a	n/a
Waste	0.2	-	n/a
Hotel stays	12	22	(45%)
Rail travel *	0.2	-	n/a
Total Tonnes CO ₂ e	1,954	1,866	4%
Total Tonnes CO ₂ e per person	18.97	20.73	(8%)

*New data available in 2019

Emissions from electricity increased as energy consumption at the London site went up with the reoccupation of office space that was previously sub-let. Hotel stay emissions decreased due to shorter trips and locations with lower outputs.

Carbon emissions are offset by purchasing carbon credits from BioCarbon Partners – a leading African-based forest carbon offset development company. Their vision is to conserve Africa's remaining ecosystems through powerful community impacts. The sale of verified forest carbon offsets creates new jobs, offers educational opportunities and improves healthcare in project areas while also conserving valuable habitat for wildlife. The co-benefits of these projects support the United Nations Sustainable Development Goals. Whilst we appreciate that carbon credits do not provide a complete solution to addressing carbon emissions, they contribute to mitigate our overall environmental impact.

MEMBERS' REPORT (CONTINUED)

Our offices in London and San Francisco were chosen due to their central locations which are well-served by public transport. Both offices were purpose-built with sustainability in mind. In London, our office meets the BREEAM Excellent sustainability standard (Building Research Establishment Environmental Assessment Method). A rainwater harvesting system, leak detection measures and low-flow sanitary fittings allow 30% better water efficiency than an average new building. Green roof space improves insulation and enhances biodiversity. The main energy supplies at the building come from renewable resources. The London office fit out achieved a Ska Gold rating (an environmental assessment ratings for fit-outs developed by the Royal Institute of Chartered Surveyors).

Our San Francisco office is located in a building which has been successfully re-certified as Platinum for the LEED E-BOM which applies to existing builds. The fit out was completed following the latest LEED ID+C v.4 specifications (Interior Design & Construction) and we were awarded LEED Platinum in August 2019. LEED certification is a globally recognised symbol of sustainability achievement – Platinum is the highest level. LEED stands for Leadership in Energy & Environmental Design and is the most widely used green building rating system in the world. It provides a framework to create healthy, highly efficient and cost-saving green buildings. This office also was designed to meet the International WELL Building standard: a performance-based system for measuring, certifying and monitoring features of the built environment that impact human health and wellbeing through air, water, nourishment, light, fitness, comfort and mind. We are pleased to report we achieved Gold certification in June 2019.

RESPONSIBILITY TOWARDS OUR COMMUNITY

"We recognise and accept our responsibility to live in accordance with our values; to be responsible to the communities in which we live and work, and to the world community. We aim to reduce our environmental footprint where possible; we are mindful of ways to help our employees fulfil their personal responsibilities, and we actively encourage philanthropic engagement."

Where possible we try to engage local suppliers, or those that already service our building with the aim of reducing travel and consolidating deliveries. We have our own vendor questionnaire which we use to screen possible business partners. The checklist acts as a guide to make sure all companies we work with can answer questions about their various policies including the Modern Slavery Act; the Bribery Act; ESG; carbon offsetting; fair wages and benefit provision; and health and safety. This enables us to screen for positive and negative practices and offer guidance to encourage our suppliers to operate more sustainably.

Philanthropic engagement is actively encouraged (see the Generation Foundation report below).

THE GENERATION FOUNDATION

Generation is committed to pursuing a more sustainable form of capitalism. A key part of that commitment is achieved through The Generation Foundation, a charity registered in England and Wales funded solely by an annual distribution from the members of Generation. The Foundation's key objective is to accelerate the transition to a more sustainable form of capitalism; one aligned with a low-carbon, prosperous, healthy, safe and fair society.

The Foundation executes its mission through its research, major partnerships, grant-making, and the matched giving programme for Generation employees. The Foundation continued to execute its mission in 2019, while developing ambitious plans for 2020 and beyond.

MEMBERS' REPORT (CONTINUED)

FOUNDATION PARTNERSHIPS IN 2019

In 2019, the Foundation continued to build strong partnerships with organisations that accelerate the transition to a sustainable economy. One such partnership was an ambitious programme of work called A Legal Framework for Impact in partnership with Principles for Responsible Investment (PRI) and UN Environment Programme Finance Initiative (UNEP FI). The project will investigate whether there are legal barriers to investing for impact targets. It will determine what, if any, legal impediments may face mainstream asset owners and investors in allocating capital to align with impact goals, like limit warming to 1.5 degrees Celsius or the achievement of the SDG. It will highlight areas of excellence, where the legal systems are most advanced, and it will identify what changes need to be made (and by whom) to build the foundations for a sustainable financial system. A procurement process identified Freshfields as the legal partner for the project, who are currently undertaking a global legal assessment.

The Foundation continued its work on carbon risk and pricing with Navigant and CDP, including the publication of papers entitled "Internal Carbon Pricing for Low-Carbon Finance" and "Future-proofing supply chains using internal carbon pricing". The Foundation also looked at strategies to engage individual savers and investors in sustainable finance practice, in particular through the work with ShareAction to develop the Pensions Power tool. In 2020, the Foundation's work will build on partnerships like these as they embark on a new ambitious grant-making strategy.

ENGAGING GENERATION'S EMPLOYEES IN THE WORK OF THE FOUNDATION

Smaller grant-making activities are driven by input from Generation's employees. Team members with a demonstrable commitment to a charitable organisation may apply for a Sustainable Community Grant of up to £25,000. In this way, the Foundation encourages Generation's employees to support great organisations and apply their skills and expertise to improving the communities they care about – anywhere in the world. One example of a grant in this category was the Deworm the World initiative whose mission is to improve health and educational outcomes for young people in developing countries. Deworm the World was awarded £25,000 to fund the large-scale delivery of deworming medication to schoolchildren in areas most afflicted by worms.

The Foundation also matches charitable gifts and volunteer hours donated by Generation employees to eligible charities. This year, the Foundation matched donations at a 1:2 ratio (for every £1 donated to charity, the Foundation paid an additional £2 to that charity) and made an effort to raise awareness of the matched giving programme. This campaign succeeded in raising employee participation from 96% in 2018 to 100% in 2019.

THE GENERATION FOUNDATION'S 2020 STRATEGY

The Foundation is now entering the next phase of its work. The 2020 strategy is a response to the urgency of the issues we are facing, and a departure from incremental, behind-the-scenes work, to targeted interventions in areas that have the potential to shift the global economy in the right direction.

When the trustees met to determine the 2020 strategy, it was agreed that the principles of urgency and impact should guide decision-making. Climate change was immediately recognised as an urgent priority.

Equally important is a fair and equitable society. Inequality and climate change are deeply intertwined. One cannot be solved without the addressing the other. Therefore, the trustees agreed the two connected impact goals for the Generation Foundation would be:

- **Climate:** Do whatever we can to limit warming to 1.5 degrees Celsius, preserving human life and the natural systems on which we rely
- **Fairness:** Ensure equality of opportunity and reduce inequality of outcomes

The Foundation plans to spend the endowment aggressively and effectively. This is a step-change in the Foundation's work, and we will tackle these challenges with the full weight of the Foundation's resources, the firm's wholehearted support, and the engagement of the ecosystem of clients and supporters in Generation's network.

MEMBERS' REPORT (CONTINUED)

STATEMENT OF MEMBERS' RESPONSIBILITIES

The members are responsible for preparing this report and the financial statements in accordance with applicable law and regulations.

Company law, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations"), requires the members to prepare financial statements for each financial year. Under that law the members have prepared the Group and limited liability partnership financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law, as applied to limited liability partnerships, the 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 Group and limited liability partnership and of the profit or loss of the Group and limited liability partnership for that period. In preparing the financial statements, the 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 United Kingdom Accounting Standards, including FRS 102 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 Partnership will continue in business.

The members are also responsible for safeguarding the assets of the Group and limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Group and limited liability partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to limited liability partnerships by the Regulations.

The Designated members confirm that the above requirements have been met in preparing the financial statements.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

As so far as the Designated members are aware, there is no relevant audit information of which the LLP's auditors are unaware. The Designated members have taken all the steps they ought to have taken as Designated members in order to make themselves aware of any relevant audit information and to establish that the LLP's auditors are aware of that information.

INDEPENDENT AUDITOR

A resolution to reappoint PricewaterhouseCoopers LLP as auditor will be proposed at the next members' meeting.

Registered office:

20 Air Street
London
W1B 5AN

Signed on behalf of the members



A C Sullivan
Designated member

Approved by the Members on 23 April 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GENERATION INVESTMENT MANAGEMENT LLP

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion, Generation Investment Management LLP's group financial statements and limited liability partnership financial statements (the "financial statements"):

- > give a true and fair view of the state of the group's and of the limited liability partnership's affairs as at 31 December 2019 and of the group's profit and cash flows for the year then ended;
- > have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- > have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

We have audited the financial statements, included within the Members' Report and Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated Balance Sheet and the Partnership Balance Sheet as at 31 December 2019; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and the Partnership Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and limited liability partnership's ability to continue as a going concern.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GENERATION INVESTMENT MANAGEMENT LLP (CONTINUED)

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

RESPONSIBILITIES OF THE MEMBERS FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of Members' Responsibilities set out on page 15, the members are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The members are also responsible for such internal control as they 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 group's and the limited liability 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 group or the limited liability partnership or to cease operations, or have no realistic alternative but to do so.

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

USE OF THIS REPORT

This report, including the opinion, has been prepared for and only for the members of the partnership as a body in accordance with 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 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GENERATION INVESTMENT MANAGEMENT LLP (CONTINUED)

OTHER REQUIRED REPORTING

COMPANIES ACT 2006 EXCEPTION REPORTING

Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Sarah Chandler

Sarah Chandler (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

23 April 2020

CONSOLIDATED INCOME STATEMENT

		Year ended 31-Dec-19 £'000	Year ended 31-Dec-18 £'000
	Note		
Turnover	2	347,552	298,323
Administrative expenses		(57,068)	(49,903)
Other operating income	3	239	426
Operating profit	4	290,723	248,846
Interest receivable		497	429
Gain/(loss) on investments and derivatives		4,618	(3,477)
Profit on ordinary activities before taxation		295,838	245,798
Tax on profit on ordinary activities	5	(11,164)	(8,991)
Profit for the financial year available for discretionary division among members		284,674	236,807
Profit for the financial year attributable to:			
Owners of the parent		254,548	207,453
Non-controlling interests		30,126	29,354
		284,674	236,807

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31-Dec-19 £'000	Year ended 31-Dec-18 £'000
	Note		
Profit for the financial year available for discretionary division among members		284,674	236,807
Translation (loss)/gain on consolidation of foreign subsidiaries	18	(2,029)	4,499
Total Comprehensive Income		282,645	241,306
Total comprehensive income for the financial year attributable to:			
Owners of the parent		252,519	211,952
Non-controlling interests		30,126	29,354
		282,645	241,306


All of the activities of the Group are classed as continuing.

The notes on pages 25 –44 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2019 £'000	As at 31 December 2018 £'000
Fixed assets			
Tangible assets	7	3,605	4,857
Investments	8	10	11
		3,615	4,868
Current assets			
Employee Incentive Benefit Plan Net Assets	9	1,722	1,908
Debtors	10	98,681	75,161
Investments	11	37,688	34,203
Cash at bank and in hand		22,327	33,472
		160,418	144,744
Creditors: amounts falling due within one year	12	(25,452)	(19,211)
Net current assets		134,966	125,533
Total assets less current liabilities		138,581	130,401
Provisions for liabilities	13	(1,331)	(1,574)
Net assets attributable to members		137,250	128,827
Represented by:			
Loans and other debts due to members within one year			
Other amounts due to members	18	44,754	25,766
Members' other interests			
Members' capital classified as equity	18	19,781	18,226
Foreign exchange translation reserves	18	75	2,104
Members' other interests- classified as equity	18	65,545	70,073
		85,401	90,403
Non-controlling interests		7,095	12,658
		92,496	103,061
		137,250	128,827
Total members' Interests			
Amounts due to members	18	44,754	25,766
Members' other interests	18	85,401	90,403
		130,155	116,169
Non-controlling interests	18	7,095	12,658
		137,250	128,827

The financial statements were approved by all members and signed on their behalf by the Designated members on 23 April 2020.


D W Blood (Designated member)

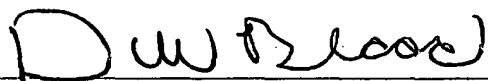

A C Sullivan (Designated member)

The notes on pages 25 - 44 form part of these financial statements

PARTNERSHIP BALANCE SHEET

		As at 31 December 2019	As at 31 December 2018
	Note	£'000	£'000
Fixed assets			
Tangible assets	7	1,030	1,861
Investments	8	2,032	2,002
		3,062	3,863
Current assets			
Employee Incentive Benefit Plan Net Assets	9	1,722	1,908
Debtors	10	79,900	72,908
Investments	11	36,542	32,347
Cash at bank and in hand		20,635	14,966
		138,799	122,129
Creditors: amounts falling due within one year	12	(13,228)	(17,573)
Net current assets		125,571	104,556
Total assets less current liabilities		128,633	108,419
Provisions for liabilities	13	(1,023)	(1,020)
Net assets attributable to members		127,610	107,399
Represented by:			
Loans and other debts due to members within one year			
Other amounts due to members	18	44,754	25,766
Members' other interests			
Members' capital	18	19,781	18,226
Other reserves	18	63,075	63,407
		82,856	81,633
		127,610	107,399
Total members' interests			
Amounts due to members	18	44,754	25,766
Members' other interests	18	82,856	81,633
		127,610	107,399

As permitted by Section 408 Companies Act 2006 (as modified for application to LLPs) the LLP is exempt from presenting its own Income Statement. The profit of the LLP for the financial year amounted to £258.7m (2018: £205.1m). The financial statements were approved by all members and signed on their behalf by the Designated members on 23 April 2020.



D W Blood (Designated member)



A C Sullivan (Designated member)

The notes on pages 25 - 44 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Members' capital	Foreign exchange translation Reserve	Other reserves	Amount attributable to owners of the LLP	Non-controlling interest	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2018	18,200	(2,395)	38,740	54,545	18,005	72,550
Profit for the financial year available for discretionary division among members	-	-	207,453	207,453	29,354	236,807
Other comprehensive income	-	4,499	-	4,499	-	4,499
Members' interest after profit for the year	18,200	2,104	246,193	266,497	47,359	313,856
Capital introduced	2,075	-	-	2,075	-	2,075
Capital released	(2,049)	-	-	(2,049)	(621)	(2,670)
Profit Allocation to members	-	-	(176,120)	(176,120)	-	(176,120)
Amounts paid to non-controlling interests	-	-	-	-	(34,080)	(34,080)
At 31 December 2018 and 1 January 2019	18,226	2,104	70,073	90,403	12,658	103,061
Profit for the financial year available for discretionary division among members	-	-	254,548	254,548	30,126	284,674
Other comprehensive expense	-	(2,029)	-	(2,029)	-	(2,029)
Members' interest after profit for the year	18,226	75	324,621	342,922	42,784	385,706
Capital introduced	3,700	-	-	3,700	68	3,768
Capital released	(2,145)	-	-	(2,145)	(324)	(2,469)
Profit Allocation to members	-	-	(259,076)	(259,076)	-	(259,076)
Amounts paid to non-controlling interests	-	-	-	-	(35,433)	(35,433)
At 31 December 2019	19,781	75	65,545	85,401	7,095	92,496

The notes on pages 25 - 44 form part of these financial statements.

PARTNERSHIP STATEMENT OF CHANGES IN EQUITY

	Members' capital	Other reserves	Total
	£'000	£'000	£'000
At 1 January 2018	18,200	34,392	52,592
Profit for the financial year available for discretionary division among members	-	205,143	205,143
Members' interest after profit for the year	18,200	239,535	257,735
Capital introduced	2,075	-	2,075
Capital Released	(2,049)	-	(2,049)
Profit Allocation	-	(176,128)	(176,128)
At 31 December 2018 and 1 January 2019	18,226	63,407	81,633
Profit for the financial year available for discretionary division among members	-	258,744	258,744
Members' interest after profit for the year	18,226	322,151	340,377
Capital introduced	3,700	-	3,700
Capital Released	(2,145)	-	(2,145)
Profit Allocation	-	(259,076)	(259,076)
At 31 December 2019	19,781	63,075	82,856

The notes on pages 25 - 44 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

		Year ended 31 December 2019	Year ended 31 December 2018
	Note	£'000	£'000
Operating profit		290,723	248,846
Depreciation	7	1,652	741
(Increase)/Decrease in debtors	10	(21,720)	9,656
Increase/(Decrease) in creditors	12	8,879	(498)
Decrease in provisions	9,13	(243)	(424)
NET CASH FROM OPERATING ACTIVITIES		279,291	258,321
Tax paid		(11,707)	(8,257)
NET CASH INFLOW FROM OPERATING ACTIVITIES		267,584	250,064
Cash flow from investing activities			
Purchase of tangible fixed assets	7	(504)	(349)
Purchase of investments	9,11	(1,206)	(638)
Proceeds from the disposal of current investments	9,11	2,462	2,325
Interest received		497	429
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		1,249	1,767
Cash flow from financing activities			
Proceeds from capital introduced by members	18	3,700	2,075
Capital withdrawn by non-controlling interests	18	(256)	(621)
Capital withdrawn by members	18	(2,145)	(2,049)
Distributions paid to members	18	(240,088)	(224,500)
Distributions paid to non-controlling interests	18	(35,433)	(34,080)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(274,222)	(259,175)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(5,389)	(2,845)
Cash and cash equivalents at Start of Year		65,706	68,551
Unrealised (outflows)/gains on exchange rate translations		(2,029)	4,499
Cash and cash equivalents at End of Year		58,288	65,706

Reconciliation of cash at bank and in hand to cash and cash equivalents:

		Year ended 31 December 2019	Year ended 31 December 2018
	Note	£'000	£'000
Cash at bank and in hand		22,327	33,472
Short-term deposits (included in current asset investments)	11	35,961	32,234
Cash and cash equivalents		58,288	65,706

The notes on pages 25 - 44 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

The consolidated financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations"). The financial statements have also been prepared in accordance with the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' (SORP) issued in 2018. The LLP has taken advantage of the exemption in exemption 408 of the Companies Act from disclosing its individual income statement.

1.2 BASIS OF PREPARATION

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by certain financial assets and liabilities measured at fair value through the consolidated income statement. The LLP has taken advantage of the FRS102 exemption not to prepare a cash flow statement.

1.3 GOING CONCERN

The Group has adequate financial resources and as a consequence, the members believe that the Group is well placed to manage its business risks successfully. After making inquiries including consideration of the ongoing COVID-19 situation, the members have a reasonable expectation that the Group has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.4 CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the LLP and its subsidiary undertakings. All significant inter-company accounts and transactions have been eliminated upon consolidation. A subsidiary is an entity that is controlled by the parent. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The LLP is the sole member of The Generation Foundation, a company limited by guarantee. The assets of The Generation Foundation are held solely for charitable purposes and, as such, have been excluded from the scope of the consolidation.

1.5 NON-CONTROLLING INTERESTS

Some members of the LLP hold capital directly in Generation Investment Management US LLP, a subsidiary within the Group. This capital is not attributable to the LLP's interest in the subsidiary and therefore constitutes a non-controlling interest. The annual profits allocated to the members with direct interest in Generation Investment Management US LLP are allocated using a similar policy as applicable to members of the LLP and consequently is not directly proportional to the amount of capital held. Non-controlling interests are measured as the net capital held plus profit allocated during the year less any distributions paid.

1.6 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements in accordance with FRS 102 requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, equity, income and expenses. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Information about these judgements and estimates is included in the accounting policies and other notes. Management do not believe there are any significant accounting estimates in the financial statements.

There are areas where judgements are significant to the Group financial statements. These include the basis of incorporation of related entities into the Group financial statements. As detailed in Note 16, a judgement has been taken to fully consolidate the activities of Generation Investment Management US LLP and its subsidiaries. The US based individual members of Generation Investment Management LLP are direct partners in Generation Investment Management US LLP in addition to being members of Generation Investment Management LLP. These individuals hold varying amounts of partnership capital in the US LLP and are entitled to allocations of profits from this

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

partnership. As a result of this, the interests of these members in the US LLP are considered to form a non-controlling interest in the Group results.

Falcon General Partner LLC is also fully consolidated as, despite being 50% owned by the Group, it is entitled to all the variable returns of the entity. In addition, the LLP controls 100% of The Generation Foundation; however, due to The Generation Foundation's charitable status, the LLP has severe long-term restrictions which substantially hinder the exercise of the rights of the parent over the assets. As such, the Generation Foundation has been excluded from consolidation into the Group.

As detailed in Note 1.14 below, the Group operates an Employee Incentive Benefit Plan ("EIBP") for members and employees. Based on the legal structure within which plan assets and liabilities are granted, it has been determined that the majority of these assets should be treated as an Other Long-Term Employee Benefit in accordance with Section 28 of FRS 102. The consequences of the assessment can be seen in Note 9, where the present value of the benefit obligation at the balance sheet date is offset against the fair value of the plan assets at that point in time.

1.7 FOREIGN CURRENCIES

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which it operates. The consolidated financial statements are presented in pounds sterling, which is the Group's presentational and functional currency.

The assets and liabilities of foreign subsidiary operations are translated into pounds sterling at the rate of exchange ruling at the reporting date and their income statement and cash flows are translated at the average rate for the year. Exchange differences arising are dealt with in other comprehensive income.

At entity level, transactions in currencies other than an entity's functional currency are recorded at the exchange rate prevailing at the transaction dates. Foreign exchange gains and losses resulting from settlement of these transactions and from retranslation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement except where these relate to loans to foreign subsidiary entities considered to be part of the net investment in those entities in which case these amounts are recorded through other comprehensive income.

1.8 SEGMENTAL REPORTING

The whole of the Group's activities are related to the business of investment management. In the opinion of the members, the Group operates in two principal geographical segments (UK and USA) and one business segment.

1.9 TURNOVER

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for investment management services rendered net of discounts and rebates allowed by the company and value added taxes.

The turnover shown in the consolidated income statement represents amounts due for investment advisory services recognised on an accruals basis during the year, exclusive of Value Added Tax. Turnover is derived from management fees and performance fees.

Management fees are calculated as a percentage of net fund or client assets managed in accordance with individual management agreements and include all non-performance related fees and are recognised in the period in which the services are rendered. The basis on which performance fees for investment advisory services are calculated may vary across clients and investment strategies. Performance fees are recognised when it is probable that they are receivable; given the nature of our performance fees that is when they are crystallised.

1.10 DIVIDEND INCOME

Dividend income arises on fixed asset investments and is recognised when declared.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1.11 ADMINISTRATIVE EXPENSES

Administrative expenses relate to staff and other costs incurred by the Group in an operating capacity. Expenses are recognised net of VAT on receipt of goods or over the period of the service is performed.

1.12 INTEREST RECEIVABLE

Interest comprises interest on cash and cash equivalents and is accounted for using the effective interest method.

1.13 PENSION ARRANGEMENTS

The Group does not operate its own pension scheme. The Group contributes on behalf of the employees to their chosen pension scheme plan. The charge against the profit represents the actual amount of the contribution payable to the pension schemes in respect of the accounting year.

1.14 EMPLOYEE INCENTIVE BENEFIT PLAN (EIBP)

The Group has created the EIBP for members and employees and accounts for the EIBP as an Other Long-Term Employee Benefit in accordance with Section 28 of FRS 102.

For the two separate plans where the Group invests directly into the assets upon grant of awards to employees, the Group invests an amount equal to the award into Generation funds. Generation funds are funds managed by the Partnership. Liabilities are accrued over the vesting period attached to each award. Investments are recognised as an asset upon purchase and are revalued to fair value at balance sheet date. The corresponding movement in liability is spread over the remaining vesting period.

For the separate plan where investments made into RBC Trust ('the Trust') they are presented within Employee Benefit Plan Net Assets net of the liabilities to which the investments relate (Note 9) as they are deemed to be plan assets under FRS 102 Section 28 because the Trust is legally separate from the Group and the Trust assets are only available to pay the employee benefits. Investments made into Generation funds directly by the Group or the LLP are presented within current asset investments (Note 11).

The investments in the Generation funds and the investments held within the RBC Trust are valued and accounted for in line with Note 1.20.5.

1.15 OPERATING LEASES

Rental costs under operating leases are charged to the income statement on a straight-line basis over the lease term. Benefits in the form of rent-free periods are treated as a reduction in the overall rent expense on the lease and are recognised on a straight line basis over the lease term. Sublease income is accounted for on an equivalent basis.

1.16 TAXATION

Income tax payable on the LLP's profits is solely the personal liability of the individual members and consequently is not dealt with in these financial statements. The LLP is subject to corporate tax level taxes in respect of its office in Spain and on any profits allocable to New York in the financial year.

The consolidated Group includes entities which are subject to both local and foreign taxes.

Deferred tax is recognised on all timing differences at the balance sheet date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1.17 TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use and dismantling and restoration costs. Depreciation is charged to Administrative expenses in the income statement.

Depreciation is calculated, using the straight-line method, to allocate the cost to their residual values over their estimated useful lives as follows:

- > Office equipment - 33 1/3 % straight line per annum
- > Fittings and furnishings - 20 % or 33 1/3 % straight line per annum
- > Leasehold premises - over the length of the lease

The residual values and useful lives of assets are reviewed, and adjusted, if appropriate, at the end of each accounting period. The effect of any change is accounted for prospectively.

1.18 PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

From time to time as part of its business the Group can be or is subject to legal proceedings. If the possibility of a financial impact is considered remote by management, then no contingent liability is recognised.

1.19 ALLOCATION OF PROFITS AND DISTRIBUTIONS

The share of a member, or person holding a non-controlling interest, in the Group profit or loss for the year is accounted for as an allocation of profits. To the extent that interim or final profit allocations exceed distributions then the excess profit is included in the balance sheet under amounts due to members or within the non-controlling interests. Undistributed member profits and losses are included in "Other Reserves" within Members' Other Interests whereas for non-controlling interests they are included in the non-controlling interests.

Distributions may be paid net of a tax retention which is released to members to pay tax as required. The balance of tax retained from members is shown within amounts due to members.

1.20 FINANCIAL INSTRUMENTS

The group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

1.20.1 FINANCIAL ASSETS

Basic financial assets, including debtors and cash and bank balances, are initially recognised at transaction price. At the end of each accounting period financial assets measured at amortised cost are assessed for objective evidence of impairment.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the income statement, except those investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

1.20.2 FINANCIAL LIABILITIES

Basic financial liabilities, including creditors, bank loans, and loans from fellow Group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1.20.3 FIXED ASSET INVESTMENTS

Fixed asset investments are financial assets held for continuing use in the business and include investments in Generation funds and shares in subsidiary undertakings. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred and the equity interests issued. Subsequently the partnership investments in subsidiary undertakings are valued at cost less impairment.

The investments in the group are investments in Generation funds. These are complex instruments within the scope of Section 12 of FRS 102, and are held at fair value through profit or loss and are stated at fair value in accordance with market practice and gains and losses on revaluation are taken to the income statement as unrealised. Generation uses the most appropriate method to determine the fair value of unquoted entities and equity related securities. For these investments it is considered that the net asset value of the fund units represents fair value.

1.20.4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

1.20.5 CURRENT ASSET INVESTMENTS

Current asset investments are financial assets which include cash equivalents held in money market funds and investments as part of the EIBP plan. These are considered to be complex instruments within the scope of Section 12 of FRS 102. These are held at fair value through profit or loss and are stated at fair value in accordance with market practice and gains and losses on revaluation are taken to the income statement as unrealised. Generation uses the most appropriate method to determine the fair value of unquoted entities and equity related securities. For these investments it is considered that the net asset value of the fund units represents fair value. Marketable securities are classified as held at fair value through profit or loss and are stated at fair value in accordance with market practice; gains and losses arising from revaluation are taken to the income statement as unrealised.

1.20.6 DERIVATIVE FINANCIAL INVESTMENTS

The Group's activities expose it to the financial risks of changes in foreign exchange rates.

The use of financial derivatives is governed by the Group's policies, which provide principles on the use of financial derivatives consistent with the Group's risk management strategy.

The Group's policy provides for the use of derivative instruments to convert a proportion of its turnover received in dollars into pounds sterling in order to hedge the foreign exchange risk arising.

Derivatives including forward foreign exchange contracts are not basic financial instruments. Derivatives are initially measured at fair value on the contract date and are subsequently re-measured to fair value at each reporting date. Changes in fair value are recognised in the income statement in finance income or costs as appropriate.

The Group does not apply hedge accounting for foreign exchange derivatives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 TURNOVER

The turnover and profit are attributable to the principal activity of the Group.

	Year ended 31 December 2019	Year ended 31 December 2018
	£'000	£'000
United Kingdom	190,759	161,101
United States	156,793	137,222
	347,552	298,323

	Year ended 31 December 2019	Year ended 31 December 2018
	£'000	£'000
Management fees	143,912	112,377
Performance fees	203,640	185,946
	347,552	298,323

3 OTHER OPERATING INCOME

	Year ended 31 December 2019	Year ended 31 December 2018
	£'000	£'000
Rent receivable from sub-lease	239	476

4 OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	Year ended 31 December 2019	Year ended 31 December 2018
	£'000	£'000
Depreciation of own fixed assets	1,652	741
Auditors' remuneration		
- Fees payable for the audit of the Partnership	117	72
- Fees payable for the audit of the Partnership's subsidiaries	-	30
- Fees payable for other assurance services	146	111
- Fees payable for tax advisory/compliance services	547	412
Operating lease costs – buildings	2,676	2,640
Foreign exchange loss/(gain)	2,970	(4,311)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Current tax		
UK Corporation tax at 19% (2018: 19%)	-	-
Foreign current tax	10,067	9,625
Adjustments in respect of prior year foreign tax	1,097	(634)
	11,164	8,991
Deferred tax		
Origination of timing differences:		
UK deferred tax	-	-
Tax on profit on ordinary activities	11,164	8,991

The tax for the year is lower (2018: lower) than the standard rate of corporation tax in the UK of 19% (2018: 19.25%) as members of the Partnership are not subject to UK corporation tax. However, certain subsidiary undertakings are subject to local corporate taxes largely arising on profits for the financial year as shown below.

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Profit on ordinary activities before taxation	295,838	245,798
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	56,209	46,702
Effects of:		
Profits chargeable on members	(48,549)	(38,121)
Impact of overseas tax rate	2,407	1,044
Adjustments in respect of prior year foreign tax	1,097	(634)
Total current tax	11,164	8,991

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6 EMPLOYEES AND REMUNERATION

The average monthly number of employees of the Group during the financial year amounted to:

	2019 The Group	2019 The LLP	2018 The Group	2018 The LLP
	No.	No.	No.	No.
Investment Team	21	19	22	21
Client Relationship Team	4	3	5	3
Operations and Administration Team	37	31	33	28
Total number of employees	62	53	60	52

The aggregate staff costs were:

	2019 The Group	2019 The LLP	2018 The Group	2018 The LLP
	£'000	£'000	£'000	£'000
Wages and salaries	23,168	20,316	25,495	22,741
Social security costs	3,066	2,943	3,354	3,241
Benefit costs	581	381	952	717
Other pension costs	873	555	810	624
	27,688	24,195	30,611	27,323

7 TANGIBLE ASSETS

The Group	Leasehold premises	Fittings and furnishings	Office equipment	Work in Progress	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2019	5,788	507	695	-	6,990
Additions	39	65	418	35	557
Disposals	(53)	(47)	(231)	-	(331)
Foreign exchange translation adjustment	(108)	(14)	(21)	-	(143)
At 31 December 2019	5,666	511	861	35	7,073
Accumulated depreciation					
At 1 January 2019	(1,596)	(184)	(353)	-	(2,133)
Charge for the year	(1,399)	(101)	(152)	-	(1,652)
Disposals	-	47	231	-	278
Foreign exchange translation adjustment	25	6	8	-	39
At 31 December 2019	(2,970)	(232)	(266)	-	(3,468)
Net book value					
At 31 December 2019	2,696	279	595	35	3,605
At 31 December 2018	4,192	323	342	-	4,857

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

TANGIBLE ASSETS

The LLP	Leasehold premises £'000	Fittings and furnishings £'000	Office equipment £'000	Work in Progress £'000	Total £'000
Cost					
At 1 January 2019	2,943	159	341	-	3,443
Additions	34	62	228	35	359
Disposals	-	(47)	(231)	-	(278)
At 31 December 2019	2,977	174	338	35	3,524
Accumulated depreciation					
At 1 January 2019	(1,248)	(98)	(236)	-	(1,582)
Charge for the year	(1,112)	(31)	(47)	-	(1,190)
Disposals	0	47	231	-	278
At 31 December 2019	(2,360)	(82)	(52)	-	(2,494)
Net book value					
At 31 December 2019	617	92	286	35	1,030
At 31 December 2018	1,695	61	105	-	1,861

8 INVESTMENTS

Investments in Generation funds

The Group	2019 Generation funds £'000	2018 Generation funds £'000
At 1 January	11	10
Loss/Gain on investments	(1)	1
At 31 December	10	11

INVESTMENTS

Investments in subsidiaries

The LLP	2019 Investments £'000	2018 Investments £'000
At 1 January	2,002	1,972
Addition	30	-
Gain on investments	-	30
At 31 December	2,032	2,002

For details of the LLP's subsidiaries, please see Note 16.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9 EMPLOYEE INCENTIVE BENEFIT PLAN NET ASSETS

The Group provides incentives ("awards") for employees via the Generation IM Deferred Remuneration Plans ("the plans"). The Plans are governed by the Plan Rules or the trustees of the Generation Investment Management LLP Employee Benefit Trust ("RBC Trust").

Awards take the form of units or interests within Generation-managed investment funds and are awarded by management in accordance with the plan rules. Awards for members and employees vest after three years from grant date with units redeemed after five years and proceeds paid to respective members and employees. The level of incentives awarded are linked to an employee's level of seniority at grant date.

Generation provides three separate Employee Incentive Benefit Plans:

- Generation IM Global Equity Plan and Generation IM Asia Equity Plan
 - For most UK employees: the LLP has created an Employee Benefit Trust ("RBC Trust") in which those UK employees will be beneficiaries. The Group has set aside cash in RBC Trust which in turn has made an investment in units of the Generation IM Global Equity Fund and Generation IM Asia Equity Fund. The assets and liabilities of this scheme have been presented net on the balance sheet.
 - For certain UK employees, LLP members and US citizen employees: the Group has invested directly in the Generation IM Global Equity Funds and Generation IM Asia Equity Funds. Assets and movements are presented within current assets in Note 11. Liabilities and movements are presented in Note 13.
- Generation IM Climate Solutions Plan
 - For certain UK employees, LLP members and US citizen employees: the Group has invested directly in the Generation IM Climate Solutions Fund (Cayman), L.P. and Generation IM Climate Solutions Fund (U.S.), L.P. Assets and movements are presented within current assets in Note 11. Liabilities and movements are presented in Note 13.

Investment Assets in RBC Trust	2019 Group	2019 The LLP	2018 Group	2018 The LLP
	£'000	£'000	£'000	£'000
At 1 January	6,489	6,489	7,248	7,248
Additions	937	937	557	557
Disposals	(1,642)	(1,642)	(1,577)	(1,577)
Unrealised gain on investments	1,443	1,443	261	261
At 31 December	7,227	7,227	6,489	6,489

Provisions to beneficiaries of investments in RBC Trust	2019 Group	2019 The LLP	2018 Group	2018 The LLP
	£'000	£'000	£'000	£'000
At 1 January	4,581	4,581	4,959	4,959
Movement in year	924	924	(378)	(378)
At 31 December	5,505	5,505	4,581	4,581

Net Assets of Employee Incentive Benefit Plan	2019 Group	2019 The LLP	2018 Group	2018 The LLP
	£'000	£'000	£'000	£'000
At 31 December	1,722	1,722	1,908	1,908

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10 DEBTORS

	2019	2019	2018	2018
	The Group	The LLP	The Group	The LLP
	£'000	£'000	£'000	£'000
Trade debtors	17,120	13,134	7,528	7,260
Other debtors	6,051	27,829	4,692	36,513
Derivative Financial instruments	1,094	1,094	-	-
Prepayments and accrued income	74,253	37,680	62,778	28,972
Foreign Tax Prepayment	163	163	163	163
	98,681	79,900	75,161	72,908

Of the prepayments and accrued income £71.3m (2018: £61.8m) relates to accrued income in the Group and £35m (2018: £28m) relates to accrued income in the LLP.

11 CURRENT ASSET INVESTMENTS

Current asset investments comprise investments on behalf of the EIBP, details of which are given in Note 9 as well as money market fund investments. Assets held by the EIBP are restricted by management in their use by the Group and LLP. Investments in RBC Trust have been reclassified and presented net of the corresponding liabilities on the balance sheet. For further details refer to Note 9.

The Group	2019			2018		
	EIBP	Money Market Funds	Total	EIBP	Money Market Funds	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January	1,969	32,234	34,203	2,656	48,355	51,011
Additions	269	12,088	12,357	81	-	81
Disposals	(821)	(8,361)	(9,182)	(748)	(16,121)	(16,869)
Unrealised gain/(loss) on investments	310	-	310	(20)	-	(20)
At 31 December	1,727	35,961	37,688	1,969	32,234	34,203

CURRENT ASSET INVESTMENTS

The LLP	2019			2018		
	EIBP	Money Market Funds	Total	EIBP	Money Market Funds	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January	1,045	31,302	32,347	1,251	33,513	34,764
Additions	119	12,088	12,207	-	-	-
Disposals	(170)	(8,014)	(8,184)	(206)	(2,211)	(2,417)
Unrealised gain on investments	172	-	172	-	-	-
At 31 December	1,166	35,376	36,542	1,045	31,302	32,347

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2019	2018	2018
	The Group	The LLP	The Group	The LLP
	£'000	£'000	£'000	£'000
Trade creditors	8,958	1,623	1,047	972
VAT payable	2,104	2,104	2,423	2,423
Tax and social security	7,435	7,435	8,872	8,872
Other creditors	4,714	20	1,804	253
Accruals and deferred income	2,241	2,046	3,351	3,339
Derivative Financial Instruments	-	-	1,714	1,714
	25,452	13,228	19,211	17,573

Included within the Creditors total are amounts owing at December 2019 in respect of employer pension contributions of £nil (2018: £nil).

13 PROVISIONS FOR LIABILITIES

	2019	2019
	The Group	The LLP
	£'000	£'000
At 1 January	1,574	1,020
Movement in year	(243)	3
At 31 December	1,331	1,023

Provisions are recognised in relation to the EIBP which Generation runs for its employees. Note 9 explains these schemes in more detail.

14 COMMITMENTS UNDER OPERATING LEASES

As at 31 December 2019 the Group and LLP had commitments under non-cancellable operating leases as follows:

	2019	2019	2018	2018
	The Group	The LLP	The Group	The LLP
	£'000	£'000	£'000	£'000
Not later than 1 year	2,769	2,026	2,772	2,027
Later than 1 year and not later than 5 years	10,813	7,841	10,825	7,848
Later than 5 years	5,637	3,594	8,514	5,722
	19,219	13,461	22,111	15,597

On 31 October 2011 the LLP entered into an agreement to lease office space in London. The lease expires on 31 October 2026. The rental payments are £2.0m per annum and commenced on 7 April 2014. On 5 March 2017 Generation IM US Facilities LLC entered into an agreement to lease office space in San Francisco, USA. The lease had a commencement date of 2 October 2017 and expiration date of 1 October 2027. The rent is approximately £0.7m per annum using the pound sterling/ U.S dollar rate at 31 December 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15 FINANCIAL RISK MANAGEMENT

Risk management is an inherent part of Generation's business activities. The Group's risk management framework and governance structure are intended to provide comprehensive controls and ongoing management of its principal risks. The Group exercises oversight through the Risk Oversight Group ("ROG").

The Group's operations expose it to a variety of financial risks: market risk (including price risk, interest rate risk and foreign exchange risk), credit risk, liquidity risk, operational risk, regulatory risk and capital risk.

15.1 MARKET RISK

15.1.1 PRICE RISK

Price risk is the risk of a change in the value of an investment. Investments in the Funds made by the Group for the purposes of the EIBP are held solely as investments to fund payments to employees on the maturity of the EIBP. The Group has made no commitment as to the value of the investments at pay out. Such assets are held at fair value through profit or loss.

The Group invests surplus cash balances in daily liquidity money market funds with various financial institutions. The Group monitors its exposure to market risk by periodically assessing the quality of the underlying investments of each fund. These assets are held at fair value (which is generally at par) through profit or loss. The Group does not rely on interest from money market funds for operating purposes.

15.1.2 INTEREST RATE RISK

Interest rate risk is the risk of a change in interest rates. The Group holds cash at banks and on deposit with banks and other financial institutions. Interest on these balances is based upon fixed rates and floating rates. The Group monitors its exposure to interest rate movements and may decide to adjust balances between deposits on fixed or floating rates. The Group does not rely on interest from banks for operating purposes.

15.1.3 FOREIGN EXCHANGE RISK

Foreign exchange risk is the risk that foreign exchange rates move. The Group is exposed to foreign exchange risk as high proportion of its liabilities are in sterling but management and performance fees are predominately calculated and received in foreign currencies.

The Group monitors its exposure to currency risk and may seek to minimise its exposure to fluctuations in exchange rates by hedging against foreign currency exposures using financial derivatives as explained in Note 1.

15.2 CREDIT RISK

Credit risk is the risk of counterparties to transactions not settling their debts. Credit risk arises from cash and deposits with banks and financial institutions, as well as credit exposure to clients, including outstanding receivables and committed transactions.

The Group monitors exposures to all financial institutions. These exposures are subject to review by the ROG.

The Group has two main types of receivables; management and performance fees. Settlement is due from investors in the Funds and separate accounts. For management and performance fees receivables, the Group proactively manages the billing process to ensure invoices are sent out on a timely basis and payment is monitored and followed up to ensure timely receipt. The quality of clients and their ability to honour commitments is considered during the client take-on process.

During the year there have been no losses due to the non-payment of receivables previously recognised and the Group does not expect any losses from the credit counterparties held as at the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15.3 LIQUIDITY RISK

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Prudent risk management requires the maintenance of sufficient cash balances to ensure the operational expenses of the Group can be met. The Group monitors rolling forecasts of the liquidity reserves on the basis of expected cash flow.

15.4 OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed processes or systems, human factors or external events. To monitor and control operating risk, the Group maintains a system of policies and controls designed to provide a well-controlled operational environment, and to monitor and record any control failures. To support this monitoring process, the Group prepares a report on the internal controls employed by Generation Investment Management LLP and Generation Investment Management US LLP and appoints a third party to provide assurance over the report under the International Standards of Assurance Engagements 3402 with regards to ICAEW Technical Release AAF 01/06.

15.5 REGULATORY RISK

Regulatory risk arises from a failure or inability to comply fully with the laws, regulations or codes applicable specifically to the financial services industry which are currently subject to significant changes. The Group's in-house legal counsel is focused on maintaining the legal and regulatory capability required to manage these risk factors including an in-house compliance team and the employment of external compliance consultants.

15.6 CAPITAL RISK

Capital risk is the risk of the Group not having adequate capital to meet its operational or regulatory requirements. The Group's objective when managing capital is to ensure the Group meets its regulatory capital requirements and its ability to continue as a going concern and to maintain an optimal structure to reduce the cost of capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16 RELATED PARTY TRANSACTIONS

As at 31 December 2019 the LLP had an interest in the following entities:

ENTITY	NATURE OF BUSINESS	REGISTERED OFFICE	PERCENTAGE OF SHARE CAPITAL
Generation Investment Management US LLP	Investment manager	USA	69.1% directly *
Generation Investment Management Services LLC	Investment Activity	USA	69.1% indirectly *
Generation IM US Facilities LLC	Supplier of office services	USA	69.1% indirectly *
Generation IM Climate Solutions GP (Scotland) Limited	General partner	Scotland	100%***
Generation IM Climate Solutions I (Scotland) LLP	General partner	Scotland	99.9% directly
Generation IM Climate Solutions GP Limited	General partner	Cayman	100% directly
Generation IM Climate Solutions II (Scotland) LLP	General partner	Scotland	99.9% directly
Generation IM Climate Solutions II GP Limited	General partner	Cayman	100% directly
Generation Investment Management S.à.r.l	Fund management	Luxembourg	100% directly
Generation Investment Management (Scotland) GP Limited	General partner	Scotland	100% directly
Generation Investment Management II GP Limited	General partner	Jersey	100% directly
Generation investment Management US II GP Limited	General partner	Cayman	100% directly
Generation Investment Management I GP Limited	General partner	Cayman	100% directly
Generation Investment Management I GP LP	General partner	Cayman	100% indirectly
GIM (Global Equity) Investment GP Limited	General Partner	Cayman	100% directly
New Leaf Investment (Scotland) LLP	General Partner	Scotland	99.9% directly
Generation IM Sustainable Solutions GP III Limited	General Partner	Guernsey	100% directly
Generation IM Sustainable Solutions Fund III SLP GP Limited	General Partner	Guernsey	100% directly
GIM Falcon GP Limited	General Partner	Guernsey	100% directly
Falcon General Partner LLC	General Partner	USA	50% directly **
GM LTE Pelion GP Limited	General Partner	Guernsey	100% directly
Generation Investment Management Services Limited	Inactive	England	100% directly ***
The Generation Foundation	Registered Charity	England	100% directly ****

The Group is both the smallest and largest group to consolidate the financial statements of the LLP.

* The LLP owns 69.1% of Generation Investment Management US LLP which in turn owns 100% of Generation Investment Management Services LLC which holds a 0.01% investment in Generation Investment Management US LLP. The US-based individual members of Generation Investment Management LLP are direct partners in Generation Investment Management US LLP in addition to being members of Generation Investment Management LLP. These individuals hold varying amounts of partnership capital in the US LLP and are entitled to allocations of profits from this partnership. As a result of this, the interests of these members in the US LLP are considered to form a non-controlling interest in the Group result. These individuals own the remaining 30.9% of the subsidiary.

** The returns from Falcon General Partner LLC have been consolidated due to the particular rights and powers surrounding the company's operation, with the interest of the co-owner to be reflected as a Non-Controlling Interest.

*** Generation Investment Management Services Limited and Generation IM Climate Solutions GP Limited are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts under section 479A. The LLP guarantees all outstanding liabilities to which these subsidiary companies are subject to at the end of 31 December 2019 until they are satisfied in full.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**** The LLP controls 100% of The Generation Foundation; however, due to The Generation Foundation's charitable status, the LLP has severe long-term restrictions which substantially hinder the exercise of the rights of the parent over the assets. As such, the Generation Foundation has been excluded from consolidation.

Related Party transactions

The Group has taken advantage of the exemption from the requirement to disclose transactions with related parties that are wholly owned within the Group. All members of the LLP's management committee are considered to be related parties of the Group. The collective transactions with these individuals are summarised in Note 17.

The LLP is appointed as the investment manager of Generation IM Fund PLC, including its sub-funds Generation IM Global Equity Fund and Generation IM Asia Fund. Two Group members are directors of Generation IM Fund PLC and this is a related party.

The US LLP is appointed as the investment manager and managing member of Generation IM Global Equity Fund LLC and as the investment manager and general partner of Generation IM Asia Fund LP. These are both related parties.

The LLP is appointed as the investment manager of Generation IM Climate Solutions Fund, LP, Generation IM Climate Solutions Fund II, LP, and Generation Sustainable Solutions III LP, GIM (Global Equity) Investment (US) LP and GIM (Global Equity) Investment LP. As the general partners of these funds are subsidiaries of the LLP, all of these entities are considered to be related parties.

Generation IM Credit Feeder Fund I L.P., Generation IM Credit Feeder Fund II LP, Generation IM Credit Feeder Fund III LP and Generation IM Credit Feeder Fund IV LP. These are related parties as the general partners of these funds are subsidiaries of the LLP. The Group was also appointed as the investment manager of Generation IM Credit Master Fund, FCP-SIF until August 2019 when this Fund entered liquidation. The Group then became the liquidator of the FCP.

The Group is appointed as the manager of Falcon LP and Marvel (Invest) LP. These are related parties as the general partners of these funds are subsidiaries of the LLP.

The Group has earned income during the year from related parties as follows:

	Total Income for year ended:		Accrued Income as at:	
	31 December 2019 £'000	31 December 2018 £'000	31 December 2019 £'000	31 December 2018 £'000
Generation IM Fund PLC	104,929	96,202	22,136	17,054
Generation IM Global Equity Fund LLC	77,998	65,470	27,055	16,232
Generation IM Asia Fund LP	2,312	1,801	925	424
Generation IM Climate Solutions Fund, LP	-	227	-	-
Generation IM Climate Solutions Fund II, LP	2,956	5,585	729	1,300
Generation Investment Management Credit Feeder Fund I- IV LP	141	252	-	-
GIM Falcon GP Limited	3,000	-	-	-
Generation IM Sustainable Solutions GP III Limited	12,100	-	2,706	-
Redcedar Designated Activity Company	53	-	53	-

The Group holds investments of £1.0m (2018: £0.9m) in Generation IM Global Equity Fund, £0.1m (2018: £0.1m) in the Generation IM Asia Fund, £0.7m (2018: £0.9m) in Generation IM Global Equity Fund LLC and an interest of £44,200 (2018: £44,200) in Generation IM Climate Solutions Fund, L.P. In addition, the Group through RBC cees Trustee Limited holds investments of £6.7m (2018: £5.9m) in the Generation IM Global Equity Fund. These holdings are all in respect of the Group's EIBP in respect of certain members and employees (see Notes 9 and 11).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

LLP Members hold personal investments in many of the investment funds managed by the Group. Some of these investments are managed free of management and performance fees.

The LLP bore costs of £0.8m (2018: £2.3m) for the US LLP while the US LLP bore costs of £5.4m (2018: £6.8m) on behalf of the LLP. The LLP provided investment management services in the year for consideration of £116.8m (2018: £98.3m) from the US LLP and had a receivables balance of £23.3m (2018: £32.3m) due from the US LLP as at 31 December 2019.

The LLP bore costs of nil for Generation IM US Facilities LLC in the year (2018: £42,872) and had a receivables balance of nil (2018: £nil) as at 31 December 2019.

The Group paid £7,745 (2018: £7,576) in relation to professional services on behalf of Generation IM Climate Solutions I (Scotland) LLP during the year. £22,441 was due to the Group at the year-end (2018: £15,588).

The Group paid £889 (2018: £3,218) in relation to professional services on behalf of Generation IM Climate Solutions II (Scotland) LLP during the year. £10,868 was due to the Group at the year-end (2018: £9,979).

The Group paid £18,467 (2018: £2,213) in relation to professional services on behalf of New Leaf Investment (Scotland) LLP during the year. £20,680 was due to the Group at the year-end (2018: £2,213).

The LLP was owed £6,073 at balance sheet date by the Generation Foundation. (The Generation Foundation was owed £485 at 31 December 2018 by the LLP).

The Group paid £12,283 (2018: £5,867) in relation to professional services on behalf of Generation IM Climate Solutions (Scotland) L.P. during the year. £55,265 was due to the Group at the year-end (2018: £44,075). Generation IM Climate Solutions (Scotland) L.P. is a related party as its General Partners, Generation IM Climate Solutions GP (Scotland) Limited and Generation IM Climate Solutions I (Scotland) LLP are Group Subsidiaries.

The Group paid £15,983 (2018: £22,260) in relation to professional services on behalf of Generation IM Climate Solutions SLP II LP during the year. £61,427 was due to the Group at the year-end (2018: £45,403). Generation IM Climate Solutions SLP II LP is a related party as its General Partner, Generation IM Climate Solutions II (Scotland) LLP is a Group Subsidiary.

The Group paid £920 (2018: £12,407) in relation to professional services on behalf of New Leaf Investment (Scotland) L.P. during the year. £23,284 was due to the Group at the year-end (2018: £24,054). New Leaf Investment (Scotland) L.P. is a related party as its General Partner, New Leaf Investment (Scotland) LLP is a Group Subsidiary.

The landlord of the leased property in Spain is a member of the Group. Rental payments made during the year amounted to £64,431 (2018: £55,080) and nil is payable as at the year-end (2018: £5,158).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17 INFORMATION IN RELATION TO MEMBERS

	Year ended 31 December 2019	Year ended 31 December 2018
	Number	Number
Average number of members during the year	30	29
	£'000	£'000
Profit for the year attributable to members		
The Group	254,548	207,453
The LLP	258,744	205,143

The 2019 Group profit of the year as shown above is attributable to members. There are no other partner remuneration items such as pensions or share based payments.

The share of 2019 profit as shown above attributable to the member with the largest entitlement is £53.9m (2018: £43.2m). Of the profit attributable to members, £186.2m (2018: £155.7m) is attributed to members of the LLP's Management Committee. This includes amounts allocated via the LLP and via the non-controlling interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18 RECONCILIATION OF MOVEMENT IN MEMBERS' INTERESTS FOR THE YEAR TO 31 DECEMBER 2019

18.1 THE GROUP

	Members' capital £'000	Foreign exchange translation reserve £'000	Other reserves £'000	Members' other interests £'000	Amounts due to members £'000	Total members' interests £'000	Non-controlling interests £'000	TOTAL £'000
Members' interests								
At 1 January 2018	18,200	(2,395)	38,740	54,545	74,145	128,690	18,005	146,695
Profit for the financial year available for discretionary division among members	-	-	207,453	207,453	-	207,453	29,354	236,807
Other comprehensive Income	-	4,499	-	4,499	-	4,499	-	4,499
Interests after profit for the year	18,200	2,104	246,193	266,497	74,145	340,642	47,359	388,001
Capital introduced	2,075	-	-	2,075	-	2,075	-	2,075
Capital released	(2,049)	-	-	(2,049)	-	(2,049)	(621)	(2,670)
Profit Allocation	-	-	(176,120)	(176,120)	176,120	-	-	-
Distributions	-	-	-	-	(224,499)	(224,499)	(34,080)	(258,579)
Interests after profit for the year	18,226	2,104	70,073	90,403	25,766	116,169	12,658	128,827
At 31 December 2018 and 1 January 2019								
Profit for the financial year available for discretionary division among members	-	-	254,548	254,548	-	254,548	30,126	284,674
Other comprehensive expense	-	(2,029)	-	(2,029)	-	(2,029)	-	(2,029)
Interests after profit for the year	18,226	75	324,621	342,922	25,766	368,688	42,784	411,472
Capital introduced	3,700	-	-	3,700	-	3,700	68	3,768
Capital released	(2,145)	-	-	(2,145)	-	(2,145)	(324)	(2,469)
Profit Allocation	-	-	(259,076)	(259,076)	259,076	-	-	-
Distributions	-	-	-	-	(240,088)	(240,088)	(35,433)	(275,521)
Members' interests								
At 31 December 2019	19,781	75	65,545	85,401	44,754	130,155	7,095	137,250

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18.2 THE LLP

	Members' capital £'000	Other reserves £'000	Members' other interests £'000	Amounts due to members £'000	Total members' interests £'000
Members' interests					
At 1 January 2018	18,200	34,392	52,592	74,145	126,737
Profit for the financial year available for discretionary division among members	-	205,143	205,143	-	205,143
Members' interest after profit for the year	18,200	239,535	257,735	74,145	331,880
Capital introduced	2,075	-	2,075	-	2,075
Capital released	(2,049)	-	(2,049)	-	(2,049)
Profit Allocation	-	(176,128)	(176,128)	176,128	-
Distributions	-	-	-	(224,507)	(224,507)
Members' interests					
At 31 December 2018 and 1 January 2019	18,226	63,407	81,633	25,766	107,399
Profit for the financial year available for discretionary division among members	-	258,744	258,744	-	258,744
Members' interest after profit for the year	18,226	322,151	340,377	25,766	366,143
Capital introduced	3,700	-	3,700	-	3,700
Capital released	(2,145)	-	(2,145)	-	(2,145)
Profit Allocation	-	(259,076)	(259,076)	259,076	-
Distributions	-	-	-	(240,088)	(240,088)
Members' interests					
At 31 December 2019	19,781	63,075	82,856	44,754	127,610

In the event of the LLP being wound up, no member has agreed with other members that he/she shall contribute in any way to the assets of the LLP in accordance with Section 74 of the Insolvency Act. Additionally, any amounts due to members would rank after amounts due to other creditors.

19 SUBSEQUENT EVENTS

There were no events subsequent to the balance sheet date that required adjustment to or disclosure in the financial statements.