

Registered Number
OC344319

Independent Franchise Partners, LLP

Report and Financial Statements

31 December 2016

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COMPANIES HOUSE

Independent Franchise Partners, LLP

Designated Members

H A Elmasry

J T Kelly-Jones

Auditors

Ernst & Young LLP

25 Churchill Place

London E14 5EY

Registered Office

Level 1

10 Portman Square

London W1H 6AZ

Registered No. 0C344319

Members' Report

The members present their report and financial statements for the year ended 31 December 2016.

Principal activities and review of the business

The principal activity of Independent Franchise Partners, LLP ("LLP"), in the year under review was providing investment management services.

The results and the financial position at the year-end were considered satisfactory by the members.

Results and allocation to members

The results for the year are shown in the Income Statement on page 7. Not all of the LLP's profits were allocated to members at the year end, a final allocation will be made when the financial statements have been approved. Any profits are shared among the members in such proportion as the members shall agree as governed by the Limited Liability Partnership Agreement dated 8 July 2014 ("LLP Agreement").

Financial risk management

The LLP operates systems and controls to mitigate any adverse effects from the range of risks that it faces. In the opinion of the members, this is limited to operational risk, market risk and counterparty risk.

Events since the balance sheet date

No matters or circumstances have arisen since the end of the financial year which significantly affected, or may significantly affect, the operations of the LLP, the results of those operations or the state of affairs of the LLP in the financial years subsequent to the financial year ended 31 December 2016.

Future developments

The members do not foresee any change in the LLP's principal activities.

Financial position and going concern

The LLP's Statement of Financial Position as detailed on page 9 shows a satisfactory net asset position. The members have made a forward-looking assessment of the LLP's ability to continue as a going concern and are satisfied that the LLP has the resources to continue in business for the foreseeable future. Therefore, the financial statements have been prepared on the going concern basis.

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

Each member entitled to a share of profits, as determined by the LLP Agreement, is advanced by way of an interest free loan from the LLP such amount in drawings as is agreed by Super Consent. Policies for members' subscriptions and repayment of members' capital are governed by the LLP Agreement. In summary:

- i. No member shall be entitled to interest on his capital contribution.
- ii. Any member may be obliged to make, as agreed by a Majority Consent, further capital contributions to the LLP in such amounts and such proportions as may be agreed by a Majority Consent.
- iii. No member shall have the right directly or indirectly to withdraw or receive back any part of the amount standing to the credit of his capital account unless specific conditions included within the LLP Agreement are satisfied.

Registered No. 0C344319

Members' Report (continued)

Members

The following were members during the year:

Directing Partners

H A Elmasry

J T Kelly-Jones

J I Vowles

Corporate Partners

Samannajosh Limited

Woodridings Limited

Yode PSC Limited

Associate Partner

M D A Allison

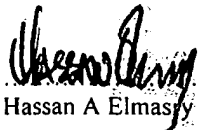
Statement of disclosure of information to auditors

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

Auditors

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

Approved by the members and signed on their behalf


Hassan A Elmasry

Approved on 9 March 2017

Statement of Members' Responsibilities

The Designated Members are responsible for preparing the Members' Report and the financial statements in accordance with applicable law and regulations.

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

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

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

Independent Auditors' Report

to the members of Independent Franchise Partners, LLP

We have audited the financial statements of Independent Franchise Partners LLP for the year ended 31 December 2016 which comprise the Income Statement, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the Statement of Members' Responsibilities set out on page 4, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the limited liability partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the designated members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Independent Auditors' Report (continued)

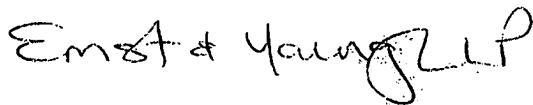
to the members of Independent Franchise Partners, LLP

Matters on which we are required to report by exception

In light of the knowledge and understanding of the limited liability partnership and its environment obtained in the course of the audit, we have identified no material misstatements in the Members' Report.

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

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



Denise Davidson (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London
10 March 2017

Income Statement

for the year ended 31 December 2016

	Notes	2016 £	2015 £
Turnover	1	87,983,757	71,235,061
Administrative expenses		<u>(23,545,530)</u>	<u>(19,445,561)</u>
Operating profit	2	64,438,227	51,789,500
Interest receivable			1,073
Gain/(loss) on foreign exchange		<u>1,661,383</u>	<u>(310,291)</u>
Profit for the financial year available for division among members		<u>66,099,610</u>	<u>51,480,282</u>

There was no other comprehensive income during the year ended 31 December 2016 other than the profit for the financial year of £66,099,610 as reported within the Income Statement above. Accordingly, no separate Statement of Comprehensive Income has been presented.

Notes 1-10 form an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2016

	<i>Members' capital classified as equity</i>	<i>Other reserves</i>	<i>Total</i>	<i>Loans and other debts due to members</i>	<i>Total</i>
	£	£	£	£	£
Members' interests at					
1 January 2015	2,149,483	14,611,349	16,760,832	-	16,760,832
Division of profits	-	(13,731,349)	(13,731,349)	13,731,349	-
Profit for the year available for discretionary division among members	-	51,480,282	51,480,282	-	51,480,282
Members' interest after profit for the year	2,149,483	52,360,282	54,509,765	13,731,349	68,241,114
Capital introduced	483,117	-	483,117	-	483,117
Capital repaid	(363,117)	-	(363,117)	-	(363,117)
Distributions	-	(50,200,766)	(50,200,766)	-	(50,200,766)
Drawings	-	(1,279,516)	(1,279,516)	(13,731,349)	(15,010,865)
Balance at 1 January 2016	2,269,483	880,000	3,149,483	-	3,149,483
Division of profits	-	(880,000)	(880,000)	880,000	-
Profit for the year available for discretionary division among members	-	66,099,610	66,099,610	-	66,099,610
Members' interest after profit for the year	2,269,483	66,099,610	68,369,093	880,000	69,249,093
Capital introduced	100,000	-	100,000	-	100,000
Capital repaid	-	-	-	-	-
Distributions	-	(64,904,635)	(64,904,635)	(880,000)	(65,784,635)
Drawings	-	(1,194,975)	(1,194,975)	-	(1,194,975)
Balance at 31 December 2016	2,369,483	-	2,369,483	-	2,369,483

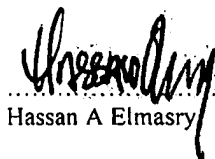
Notes 1-10 form an integral part of these financial statements.

Statement of Financial Position

at 31 December 2016

	Notes	2016 £	2015 £
Non-current assets			
Property, plant & equipment	5	755,009	948,975
Current assets			
Debtors	6	19,527,104	16,067,520
Cash and cash equivalents		19,897,358	15,635,089
		39,424,462	31,702,609
Creditors: amounts falling due within one year	7	(37,809,988)	(29,502,101)
		1,614,474	2,200,508
Net current assets		2,369,483	3,149,483
Net assets attributable to members			
Represented by:			
Members' other interests classified as equity under FRS 102 section 22			
Members' capital		2,369,483	2,269,483
Other reserves			880,000
		2,369,483	3,149,483
Total members' interest			
Members' other interests		2,369,483	3,149,483
		2,369,483	3,149,483

These financial statements were approved by the members on 9 March 2017 and are signed on their behalf by:



Hassan A Elmasry

(Designated Member)

Notes 1-10 form an integral part of these financial statements.

Statement of Cash Flows

for the year ended 31 December 2016

	Notes	2016 £	2015 £
<i>Cash flows from operating activities</i>			
Operating profit		64,438,227	51,789,500
Increase in debtors		(3,459,584)	(2,822,908)
Increase in creditors		8,307,887	22,500,080
Depreciation		232,977	221,946
Loss on sale of fixed assets		-	1,225
Net cash inflow from operating activities		69,519,507	71,689,843
<i>Cash flows from investing activities</i>			
Capital expenditure and financial investment payments		(39,011)	(92,584)
Net cash inflow from investing activities		(39,011)	(92,584)
<i>Cash flows from financing activities</i>			
Return on investments and servicing of finance		-	1,073
Members' drawings and division of profits		(66,979,610)	(65,211,631)
Members' capital introduced		100,000	483,117
Members' capital repaid		-	(363,117)
Net cash inflow from financing activities		(66,879,610)	(65,090,558)
Increase in cash during the year		2,600,886	6,506,701
Cash and cash equivalents at beginning of year		15,635,089	9,438,679
Exchange differences		1,661,383	(310,291)
Cash and cash equivalents at end of year	8	19,897,358	15,635,089

Notes 1-10 form an integral part of these financial statements.

Notes to the financial statements

at 31 December 2016

1. Accounting policies

Statement of compliance

The LLP is a limited liability partnership incorporated in England and Wales. The registered office of the LLP is Level 1, 10 Portman Square, London, W1H 6AZ.

The financial statements for the year-ended 31 December 2016 comply with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Basis of preparation

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

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Property, plant and equipment

The LLP measures all items of property, plant and equipment using the cost model. Under the cost model, the LLP measures property, plant and equipment at cost less any accumulated depreciation.

Depreciation is provided on all items of property, plant and equipment, as follows:

Furniture and fittings	—	over 3 years
Office equipment	—	over 4 years
Computer equipment	—	over 3 years
Leasehold improvements	—	over 10 years

Turnover

Turnover, which is stated net of value added tax, represents amounts receivable in respect of the provision of investment management services.

Foreign currencies

The functional and presentational currency of the LLP is in british pound sterling (GBP).

Monetary assets and liabilities denominated in foreign currencies are translated into GBP at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Income Statement.

Taxation

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

Notes to the financial statements (continued)

at 31 December 2016

1. Accounting policies (continued)

Members' profit allocation

Amounts becoming due to members in respect of members' profit allocation are debited directly to reserves in the year in which the division occurs. Drawings are recognised as a loan due from members until allocation occurs.

Expenses

Expenses incurred have been recognised on an accrual basis.

Operating lease

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

Reserves

Members' capital of £2,369,483 represents those amounts introduced by the members of the LLP to be used in business operations. All amounts credited to each member's capital account shall be immediately and fully available to the LLP for unrestricted use to cover risks and losses as and when they may occur. Future capital contributions and withdrawals are permitted as outlined by the LLP Agreement.

2. Operating profit

This is stated after charging:	2016	2015
	£	£
Depreciation	232,977	221,946
Staff costs	11,253,655	9,545,694
Auditors' remuneration – fees payable to auditors for audit of financial statements	20,400	19,428
Auditors' remuneration – non audit services	48,750	48,000
Operating lease rentals – land and buildings	488,189	487,705

Notes to the financial statements (continued)

at 31 December 2016

3. Staff costs

	2016	2015
	£	£
Wages and salaries	9,862,816	7,738,923
Social security costs	998,125	667,234
Pension	315,492	546,788
Other	77,222	592,749
	<u>11,253,655</u>	<u>9,545,694</u>

The average monthly number of employees in the year was 15 (2015:14).

4. Members' remuneration

A member's share in the profit or loss for the year is accounted for as an allocation of profits or losses. Any unallocated profits and losses are distributed to members in accordance with the LLP Agreement and as further agreed by Super Consent. Distributions of £42,192,328 were paid in 2016 (2015: £33,052,743).

	2016	2015
	£	£
Members' remuneration attributable to the member with the largest entitlement	<u>26,103,773</u>	<u>19,712,876</u>

Average monthly number of members in the year was 7 (2015: 9).

Notes to the financial statements (continued)

at 31 December 2016

5. Property, plant and equipment

	<i>Furniture and fittings</i>	<i>Office equipment</i>	<i>Computer equipment</i>	<i>Leasehold improvements</i>	<i>Total</i>
	£	£	£	£	£
Cost:					
At 31 December 2015	434,994	11,418	164,675	717,702	1,328,789
Additions	15,926	-	23,085	-	39,011
Disposals	-	-	-	-	-
At 31 December 2016	450,920	11,418	187,760	717,702	1,367,800
Depreciation:					
At 31 December 2015	180,146	5,703	101,821	92,144	379,814
Charge for the year	120,848	2,009	38,350	71,770	232,977
Eliminated on disposal	-	-	-	-	-
At 31 December 2016	300,994	7,712	140,171	163,914	612,791
Net book value:					
At 31 December 2015	254,848	5,715	62,854	625,558	948,975
At 31 December 2016	149,926	3,706	47,589	553,788	755,009

6. Debtors

	2016	2015
	£	£
Trade debtors	886,921	1,217,558
Accrued income	17,900,133	14,117,553
Prepayments and other receivables	740,050	732,409
	<u>19,527,104</u>	<u>16,067,520</u>

7. Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade payables	92,606	175,684
Accruals and other payables	13,810,006	10,898,876
Amounts due to members	23,907,376	18,427,541
	<u>37,809,988</u>	<u>29,502,101</u>

Notes to the financial statements (continued)

at 31 December 2016

8. Notes to the Statement of Cash Flows

Analysis of changes in cash

	2016 £	2015 £
Change in net funds resulting from cash flows	2,600,886	6,506,701
Exchange differences	1,661,383	(310,291)
Increase in net funds	4,262,269	6,196,410
Net funds at 1 January	15,635,089	9,438,679
Net funds at 31 December	<u>19,897,358</u>	<u>15,635,089</u>

9. Financial commitments and contingencies

At 31 December 2016, the LLP had annual commitments under non-cancellable operating leases as follows:

	2016 £	2015 £
<i>Land & Buildings</i>		
Between 1 and 2 years	<u>568,750</u>	<u>568,750</u>
Between 2 and 5 years	<u>1,706,250</u>	<u>1,706,250</u>
Between 5 and 10 years	<u>1,421,875</u>	<u>1,990,625</u>

There are no other financial commitments or contingencies.

10. Ultimate controlling party

H A Elmasry is the ultimate controlling party.