

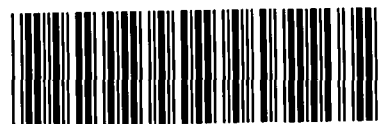
Registered Number
OC344319

Independent Franchise Partners, LLP

Members Report and Financial Statements

For the year ended 31 December 2018

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COMPANIES HOUSE

Designated Members

H A Elmasry

J I Vowles

Auditors

Deloitte LLP

Saltire Court

20 Castle Terrace

Edinburgh, EH1 2DB

Registered Office

Level 1

10 Portman Square

London W1H 6AZ

Registered No. OC344319

Members' Report

The members present their report and the financial statements of Independent Franchise Partners, LLP ("LLP") for the year ended 31 December 2018.

Principal activities and review of the business

The principal activity of the 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 8. Any profits are shared among the members in such proportion as the members shall agree as governed by the Limited Liability Partnership Agreement amended 1 April 2017 ("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 which 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 2018.

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 10 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 and for the next twelve months from the signing date. 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 is entitled to a share of profits, as determined by the LLP Agreement. Drawings, in advance of distributions of profit share, are advanced by way of interest free loans from the LLP as agreed by super consent. Policies for members' subscriptions and repayment of members' capital are also 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 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. OC344319

Members' Report (continued)

Members

The following were active members during the year:

Directing Partners

H A Elmasry

J I Vowles

Corporate Partners

Samannajosh Limited

Yode PSC Limited

Associate Partners

M D A Allison

K R Ladha

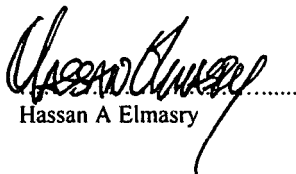
Statement of disclosure of information to auditors

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

Deloitte LLP were appointed as auditors during the year and will be proposed for reappointment by the members.

Approved by the members and signed on their behalf


Hassan A Elmasry

Approved on 8 March 2019

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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Independent Franchise Partners, LLP (the 'limited liability partnership'):

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in 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.

We have audited the financial statements which comprise:

- the income statement;
- the statement of changes in equity;
- the statement of financial position;
- the statement of cash flows;
- the related notes 1 to 12.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

We are independent of the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the members' use of the going concern basis of accounting in 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 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.

We have nothing to report in respect of these matters.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London, EC4A 3HQ, United Kingdom.

Deloitte LLP is the United Kingdom affiliate of Deloitte NWE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NWE LLP do not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms.

Independent Auditors' Report (continued)

to the members of Independent Franchise Partners, LLP

Report on the audit of the financial statements (continued)

Other information

The members are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of members

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

In preparing the financial statements, the members are responsible for assessing the 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 limited liability partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 auditor's report.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report in respect of the following matters if, in our opinion:

- 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's financial statements are not in agreement with the accounting records and returns; or

Independent Auditors' Report (continued)

to the members of Independent Franchise Partners, LLP

Report on the audit of the financial statements (continued)

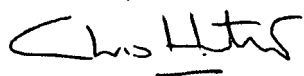
Report on other legal and regulatory requirements (continued)

- we have not received all the information and explanations we require for our audit

We have nothing to report in respect of these matters.

Use of our report

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



Chris Hunter CA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Edinburgh, United Kingdom

8 March 2019

Income Statement

for the year ended 31 December 2018

	<i>Notes</i>	<i>2018</i> £	<i>2017</i> £
Turnover		100,334,690	103,635,076
Administrative expenses		<u>(29,311,633)</u>	<u>(26,165,405)</u>
Operating profit	2	71,023,057	77,469,671
Realised loss on foreign exchange		<u>(69,473)</u>	<u>(209,254)</u>
Profit for the financial year available for division among all members		<u>70,953,584</u>	<u>77,260,417</u>

There was no other comprehensive income during the year ended 31 December 2018 other than the profit for the financial year of £70,953,584 as reported within the Income Statement above. Accordingly, no separate Statement of Comprehensive Income has been presented.

Notes 1-12 form an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2018

	<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 2017	2,369,483	-	2,369,483	23,907,376	26,276,859
Profit for the year available for discretionary division among members	-	77,260,417	77,260,417	-	77,260,417
Members' interest after profit for the year	2,369,483	77,260,417	79,629,900	23,907,376	103,537,276
Capital introduced	600,000	-	600,000	-	600,000
Capital repaid	-	-	-	-	-
Loans and debts paid to members	-	-	-	(23,907,376)	(23,907,376)
Distributions	-	(75,791,497)	(75,791,497)	27,384,308	(48,407,189)
Drawings	-	(1,468,920)	(1,468,920)	-	(1,468,920)
Balance at 1 January 2018	2,969,483	-	2,969,483	27,384,308	30,353,791
Profit for the year available for discretionary division among members	-	70,953,584	70,953,584	-	70,953,584
Members' interest after profit for the year	2,969,483	70,953,584	73,923,067	27,384,308	101,307,375
Capital introduced	-	-	-	-	-
Capital repaid	-	-	-	-	-
Loans and debts paid to members	-	-	-	(27,384,308)	(27,384,308)
Distributions	-	(69,537,570)	(69,537,570)	26,208,733	(43,328,837)
Drawings	-	(1,416,014)	(1,416,014)	-	(1,416,014)
Balance at 31 December 2018	2,969,483	-	2,969,483	26,208,733	29,178,216

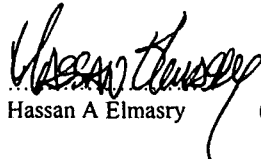
Notes 1-12 form an integral part of these financial statements.

Statement of Financial Position

at 31 December 2018

	Notes	2018 £	2017 £
Non-current assets			
Investment in subsidiary undertaking	5	1	1
Property, plant & equipment	6	497,771	567,856
Current assets			
Debtors	7	15,856,448	21,731,478
Cash and cash equivalents		31,416,707	24,330,411
		47,273,155	46,061,889
Creditors: amounts falling due within one year	8	(18,206,184)	(15,804,043)
Net current assets		29,066,971	30,257,846
Total assets less current liabilities		29,564,743	30,825,703
Creditors: amounts falling due after more than one year	9	(386,527)	(471,912)
Net assets attributable to members		29,178,216	30,353,791
 Represented by:			
Loans and other debts due to members within one year			
Members' capital classified as a liability		26,208,733	27,384,308
Members' other interests			
Members' capital classified as equity		2,969,483	2,969,483
Other reserves		-	-
		29,178,216	30,353,791
Total members' interest			
Loans and other debts due to members		26,208,733	27,384,308
Members' other interests		2,969,483	2,969,483
		29,178,216	30,353,791

These financial statements were approved by the members on 8 March 2019 and signed on their behalf by:



Hassan A Elmasry (Designated Member)

Notes 1-12 form an integral part of these financial statements.

Statement of Cash Flows

for the year ended 31 December 2018

	2018	2017
	£	£
<i>Cash flows from operating activities</i>		
Operating profit	70,953,584	77,260,417
Decrease/(Increase) in debtors	5,875,030	(2,204,374)
Increase in creditors and amounts due to members	2,316,756	2,996,362
Depreciation	103,068	206,773
Net cash inflow from operating activities	79,248,438	78,259,178
<i>Cash flows from investing activities</i>		
Purchase of fixed assets	(32,983)	(19,621)
Net cash outflow from investing activities	(32,983)	(19,621)
<i>Cash flows from financing activities</i>		
Members' drawings and division of profits	(72,129,159)	(74,406,504)
Members' capital introduced	-	600,000
Net cash outflow from financing activities	(72,129,159)	(73,806,504)
Increase in cash during the year	7,086,296	4,433,053
Cash and cash equivalents at beginning of year	24,330,411	19,897,358
Cash and cash equivalents at end of year	31,416,707	24,330,411

Notes 1-12 form an integral part of these financial statements.

Notes to the financial statements

for the year ended 31 December 2018

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, England, W1H 6AZ.

The financial statements for the year-ended 31 December 2018 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 on a going concern basis under the historical cost convention, in accordance with FRS 102 and the Companies Act 2006 as applied to limited liability partnerships, and in accordance with the revised Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' (SORP) issued in July 2014. These have been applied consistently throughout the current year.

Investment in subsidiary undertaking

The LLP has one subsidiary undertaking which is described in more detail in note 5.

Judgements and key sources of estimation uncertainty

In the application of the LLP's accounting policies, which are described in note 1, management are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are generally based on historical experience and other factors that are considered to be relevant. As such, there are no significant sources of estimation uncertainty or critical accounting judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Please refer to note 1 for a discussion of the significant estimates used.

Property, plant and equipment

Property, plant and equipment are measured at cost less any accumulated depreciation.

Depreciation is provided on a straight line basis 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 investment management fees recognised on an accruals basis. Such fees are primarily based on agreed-upon percentages of net asset value or Assets Under Management ("AUM").

These fees are affected by changes in AUM, including market appreciation or depreciation, foreign exchange translation and net inflows or outflows.

Notes to the financial statements (continued)

for the year ended 31 December 2018

1. Accounting policies (continued)

Turnover (continued)

An analysis of turnover is set out below:

	2018	2017
	£	£
Segregated accounts	64,647,094	70,132,274
Pooled funds	35,687,596	33,502,802
Total	<u>100,334,690</u>	<u>103,635,076</u>

Foreign currencies

The functional and presentational currency of the LLP is in British pound sterling (GBP) which is the currency of the primary economic environment in which the company operates.

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.

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.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Short term creditors are measured at the transaction price, less any impairment.

Expenses

Expenses incurred have been recognised on an accrual basis.

Operating lease

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

Notes to the financial statements (continued)

for the year ended 31 December 2018

1. Accounting policies (continued)

Reserves

Members' capital of £2,969,483 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:	2018	2017
	£	£
Depreciation	103,068	206,773
Staff costs	14,773,366	12,716,059
Auditors' remuneration – fees payable to auditors for audit of financial statements	16,472	21,528
Auditors' remuneration – non audit services	44,262	48,738
Operating lease rentals – land and buildings	486,787	485,994

3. Staff costs

	2018	2017
	£	£
Wages and salaries	12,985,441	11,080,052
Social security costs	1,414,403	1,104,013
Pension	123,957	380,535
Other	249,565	151,459
	<u>14,773,366</u>	<u>12,716,059</u>

The average monthly number of employees in the year was 17 (2017:16).

Notes to the financial statements (continued)

for the year ended 31 December 2018

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 £72,129,159 were paid in 2018 (2017: £74,406,504).

	2018	2017
	£	£
Members' remuneration attributable to the member with the largest entitlement	32,167,950	31,094,378

The average monthly number of active members in the year was 6 (2017: 8).

5. Investment in subsidiary undertaking

The LLP owns 100% of the share capital of APDC Ltd, a UK limited company which was established to hold investments arising from deferred consideration payable to associate partners. The subsidiary is held at cost in the financial statements. It has not been consolidated and group accounts have not been produced as per section 405(2) of the Companies Act 2006 as the subsidiary is not material and its exclusion does not prevent the financial statements from showing a true and fair view.

Notes to the financial statements (continued)

for the year ended 31 December 2018

6. 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 2017	450,920	11,418	207,380	717,702	1,387,420
Additions	5,585	6,342	21,056	-	32,983
Disposals	-	(1,320)	-	-	(1,320)
At 31 December 2018	456,505	16,440	228,436	717,702	1,419,083
Depreciation:					
At 31 December 2017	396,916	9,721	177,241	235,686	819,564
Charge for the year	7,510	2,488	21,300	71,770	103,068
Eliminated on disposal	-	(1,320)	-	-	(1,320)
At 31 December 2018	404,426	10,889	198,541	307,456	921,312
Net book value:					
At 31 December 2017	54,004	1,697	30,139	482,016	567,856
At 31 December 2018	52,079	5,551	29,895	410,246	497,771

7. Debtors

	2018	2017
	£	£
Trade debtors	-	1,582,776
Accrued income	14,654,876	19,114,345
Prepayments and other receivables	1,201,572	1,034,357
	<u>15,856,448</u>	<u>21,731,478</u>

8. Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade payables	369,401	185,207
Taxation and social security	81,525	86,563
Accruals and other payables	17,755,258	15,532,273
	<u>18,206,184</u>	<u>15,804,043</u>

Notes to the financial statements (continued)

for the year ended 31 December 2018

9. Creditors: amounts falling after more than one year

	2018	2017
	£	£
Accruals and other payables	386,527	471,912

10. Financial commitments and contingencies

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2018	2017
	£	£
<i>Land & Buildings</i>		
Expiry date:		
Within one year	568,750	568,750
Between one and five years	2,275,000	2,275,000
After five years	284,375	853,125

There are no other financial commitments or contingencies.

11. Ultimate controlling party

H A Elmasry is the ultimate controlling party.

12. Related parties

The members invest in some of the funds managed by the firm. During the year, management fees received from these funds totalled £33,095,642 (2017: £30,488,408).

As detailed in Note 5, the LLP owns 100% of the share capital of APDC Ltd ("APDC"). During the year, deferred consideration amounting to £281,624 (2017: £195,024) in respect of associate partners was transferred to APDC to enable it to invest in shares in funds managed by the LLP on their behalf.