

LLP Registration No. OC351668

LIONTRUST INVESTMENT PARTNERS LLP

MEMBERS' REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2021



LIONTRUST INVESTMENT PARTNERS LLP

Liontrust Investment Partners LLP is a Limited Liability partnership registered in England.

Members:

Liontrust Investment Services Limited

MJP Tonge	N Brown (retired 6 November 2020)
AWP Cross	S Clements
JEC Fosh	S Steven
NR Soffe	A Ross
M Williams (retired 27 October 2020)	K Watson
S Bailey (retired 1 April 2021)	D Roberts
J Clark (retired 1 April 2021)	P Milburn
S Gleave	D Philips
J Inglis-Jones	M Mcloughlin
V Stevens	H Parker
J Husselbee	J Klempster (appointed 1 February 2021)
O Russ (retired 1 April 2021)	M Appleby (appointed 1 July 2021)
P Michaelis	

Designated Members:

VK Abrol

EJF Catton

Management Committee Members:

VK Abrol

EJF Catton

NR Soffe

J Ions (representing Liontrust Investment Services Limited)

Registered Office:

2 Savoy Court, London WC2R 0EZ.

Independent Auditors:

KPMG LLP, 15 Canada Square, London E14 5GL

Legal Advisers:

Macfarlanes LLP, 20 Cursitor Street, London EC4A 1LT.

Simmons & Simmons LLP, City Point, 1 Ropemaker Street, London, EC2Y 9SS

Bankers:

RBS Plc, 280 Bishopsgate, London EC4M 4RB.

LIONTRUST INVESTMENT PARTNERS LLP

MEMBERS' REPORT

The Partnership was incorporated on 21 January 2010 in England. The Members present their Members' report and the audited financial statements for Liontrust Investment Partners LLP ("the Partnership") for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Partnership is the provision of investment management services to professional investors directly, through investment consultants and through collective investment funds. It is regulated by the Financial Conduct Authority (FCA) and is authorised to carry on investment business. In accordance with the rules of the FCA, the Partnership has published information on its risk management objectives and policies and on its regulatory capital requirements and resources. This information is available on the Group's website www.liontrust.co.uk. The Partnership will continue to offer its services to professional investors.

BUSINESS REVIEW

The Partnership has grown its direct assets under management and advised on assets (as adviser to other group entities) organically to over £30.9 billion (2020: £16.1 billion), resulting in the growth of revenues, and will look to continue this growth in the coming year. The key performance indicators of the Partnership are in line with those of Liontrust Asset Management PLC and are discussed within the business review in the Group's annual report and financial statements which does not form part of this report.

The directors of Liontrust Asset Management PLC manage the Group's (Liontrust Asset Management PLC & its subsidiaries ("the Group")) risks at a group level, rather than at an individual entity level. For this reason the Members believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of the Partnership's business. The principal risks and uncertainties (including COVID-19) of Liontrust Asset Management PLC, which include those of the Partnership are discussed within the Group's annual report and financial statements which does not form part of this report.

RESULTS AND DISTRIBUTIONS

The results of the Partnership for the year are set out in detail on page 9. The total profit for the financial year was £27,051,000 (2020: £9,106,000). There have been distributions of £15,000,000 to Liontrust Investment Services Limited (2020: £7,500,000).

MEMBERS' CAPITAL

Policies for Members' drawings, subscriptions and repayment of Members' capital are governed by the Partnership Agreement. In summary, the capital is contributed by the Corporate Member and every other member commits to a callable capital contribution upon admission to the Partnership. Any capital shall be repayable only at the discretion of the Partnership ensuring continued compliance with its regulatory capital requirements or on a winding-up of the Partnership.

MEMBERS' ALLOCATION AND DRAWINGS

Members' profits and losses are allocated between them based on the terms of the Partnership Agreement and their individual side letters. Drawings are paid from time to time as working capital permits. The amounts of such drawings are based on the Members' profit-sharing agreements at the time of allocation, unless otherwise agreed between the Members.

LIONTRUST INVESTMENT PARTNERS LLP

MEMBERS' REPORT (continued) RISK MANAGEMENT POLICIES

The Partnership's operations expose it to a number of financial risks that include credit risk, market risk, interest rate risk and liquidity risk which are detailed in note 3.

The Partnership has considered these risks and has managed them through the operation of the Group's internal control systems, which are supported by regular meetings of the Partnership's Management Committee.

MEMBERS

VK Abrol and EJF Catton are Designated Members. The full list of Members of the Partnership up to the signing date of the financial statements is detailed on page 1.

STATEMENT OF RESPONSIBILITIES IN RESPECT OF THE MEMBERS' REPORT AND THE FINANCIAL STATEMENTS

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

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under Regulation 8 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 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 LLP and of its profit or loss for that period. In preparing these 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

Under Regulation 6 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the 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 its financial statements comply with those regulations. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the LLP and to prevent and detect fraud and other irregularities. The members are responsible for the maintenance and integrity of the corporate and financial information included on the LLP's website. Legislation in the UK governing the

LIONTRUST INVESTMENT PARTNERS LLP

MEMBERS' REPORT (continued)

preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In reviewing the annual financial statements for the year ending 31 March 2021, the Members considered the impact of COVID-19 pandemic when considering judgements and significant accounting items. In particular the Members considered the impact on the valuation of assets and liabilities and the suitability of disclosures in relation to COVID-19.

The Management Committee is responsible for performing these duties on behalf of the Members.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

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

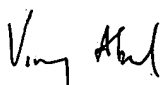
DONATIONS

The Partnership made no charitable or political donations during the year.

CHANGE OF AUDITOR

Following a tender process carried out in 2020, KPMG LLP were appointed as the Partnership's auditors in place of PricewaterhouseCoopers LLP.

On behalf of the Members



VK Abrol,
Designated Member

23 July 2021

LIONTRUST INVESTMENT PARTNERS LLP

Independent auditor's report to the members of Liontrust Investment Partners LLP

Opinion

We have audited the financial statements of Liontrust Investment Partners LLP ("the LLP") for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Balance Sheet, Reconciliation of Movements of Members' Interests and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, of the state of affairs of the LLP as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the LLP in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The members have prepared the financial statements on the going concern basis as they do not intend to liquidate the LLP or to cease its operations, and as they have concluded that the LLP's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the members' conclusions, we considered the inherent risks to the LLP's business model and analysed how those risks might affect the LLP's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the members' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the LLP's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the LLP will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

LIONTRUST INVESTMENT PARTNERS LLP

To identify our risks of material misstatement due to fraud (fraud risks) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Members, the Group's Audit & Risk Committee to which the LLP belongs, the Group's Internal Audit and the Group's Compliance team and inspection of policy documentation as to the LLP's high-level policies and procedures to prevent and detect fraud, including the internal audit function, as well as whether they have knowledge of any actual, suspected or alleged fraud identifying and responding to risks of material misstatement due to fraud.
- Reading Management Committee Minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries.

On this audit we do not believe there is a fraud risk related to revenue recognition because there is limited judgement involved in the valuation and recognition of all material revenue streams.

We did not identify any additional fraud risks other than those professional standards require us to consider.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included, but were not limited to, journals impacting cash balances that were identified as unusual or unexpected in our risk assessment procedures.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Members and other management (as required by auditing standards), and from inspection of the LLP's regulatory and legal correspondence and discussed with the Members and other management the policies and procedures regarding the compliance with laws and regulations.

As the LLP is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably. Firstly, the LLP is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

LIONTRUST INVESTMENT PARTNERS LLP

Secondly, the LLP is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the LLP's licence to operate. We identified the following areas as those most likely to have such an effect: financial services regulations including Client Assets, and specific areas of regulatory capital and liquidity and certain aspects of company legislation recognising the financial and regulated nature of LLP's activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Members and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The members are responsible for the other information, which comprises the members' report. 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 conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

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 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

We have nothing to report in these respects.

Members' responsibilities

As explained more fully in their statement set out on page 3, the members are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that

LIONTRUST INVESTMENT PARTNERS LLP

are free from material misstatement, whether due to fraud or error; assessing the LLP'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 they either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

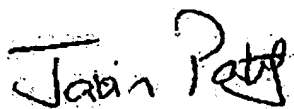
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the members of the LLP, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by Regulation 39 of 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 LLP'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 LLP and the LLP's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Jatin Patel (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

E14 5GL

23 July 2021

LIONTRUST INVESTMENT PARTNERS LLP

Statement of Comprehensive Income

For the year ended 31 March 2021

		Year ended 31-Mar-21	Year ended 31-Mar-20 restated
	Note	£'000	£'000
Revenue*		87,089	50,309
Cost of sales*		(1,398)	(909)
Gross profit	4	<u>85,691</u>	<u>49,400</u>
Administration expenses	5	(17,949)	(11,381)
Operating profit		<u>67,742</u>	<u>38,019</u>
Finance income		-	-
Profit for the year before Members' remuneration and profit shares		<u>67,742</u>	<u>38,019</u>
Members' remuneration charged as an expense		(40,691)	(28,913)
Profit for the financial year available for discretionary division among members		<u>27,051</u>	<u>9,106</u>
Other comprehensive income			
Other comprehensive income		-	-
Total comprehensive income		<u>27,051</u>	<u>9,106</u>

* The 2020 revenue and cost of sales have been restated to reflect rebates being reclassified as a reduction in revenue rather than a cost of sales (see Note 11 and Note 4).

The notes on pages 12 to 19 form an integral part of these financial statements. All operations are continuing.

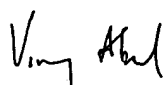
LIONTRUST INVESTMENT PARTNERS LLP

Balance Sheet

As at 31 March 2021

		31-Mar-21	31-Mar-20
	Note	£'000	£'000
Assets			
Non-current assets			
Investment	7	653	626
Total Non-current assets		<u>653</u>	<u>626</u>
Current assets			
Trade and other receivables	6	23,055	4,798
Cash and cash equivalents		13,613	10,430
Total Current assets		<u>36,668</u>	<u>15,228</u>
Liabilities			
Current liabilities			
Trade and other payables	8	(18,022)	(8,592)
Total Current liabilities		<u>(18,022)</u>	<u>(8,592)</u>
Net assets attributable to members		<u>19,299</u>	<u>7,262</u>
Members' interests			
Members' capital classed as equity		5,300	5,300
Other reserves classed as equity		13,999	1,962
Total equity		<u>19,299</u>	<u>7,262</u>

Approved by the Members on 23 July 2021 and signed on its behalf by



VK Abrol, Designated Member

LLP Registration No. OC351668

The notes on pages 12 to 19 form an integral part of these financial statements. All operations are continuing.

LIONTRUST INVESTMENT PARTNERS LLP

Reconciliation of Movements in Members' Interests

For the year ended 31 March 2021

	<i>Equity</i>		<i>Debt</i>	<i>Total Members' Interests</i>
	<i>Initial Capital</i>	<i>Unallocated Profit</i>		
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Balance at 1 April 2020	5,300	1,962	-	7,262
Profit for the year before Members' remuneration and profit shares	-	67,742	-	67,742
Members' interest after profit for the year	5,300	69,704	-	75,004
Members' remuneration charged as an expense	-	(40,691)	40,691	-
Share option settlement	-	(175)	-	(175)
IFRS 2 Charge allocation	-	161	-	161
Income allocated	-	(15,000)	15,000	-
Drawings	-	-	(55,691)	(55,691)
Balance at 31 March 2021	5,300	13,999	-	19,299

Reconciliation of Movements in Members' Interests

For the year ended 31 March 2020

	<i>Equity</i>		<i>Debt</i>	<i>Total Members' Interests</i>
	<i>Initial Capital</i>	<i>Unallocated Profit</i>		
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Balance at 1 April 2019	5,300	424	-	5,724
Profit for the year before Members' remuneration and profit shares	-	38,019	-	38,019
Members' interest after profit for the year	5,300	38,443	-	43,743
Members' remuneration charged as an expense	-	(28,913)	28,913	-
Share option settlement	-	(53)	-	(53)
IFRS 2 Charge allocation	-	(15)	-	(15)
Income allocated	-	(7,500)	7,500	-
Drawings	-	-	(36,413)	(36,413)
Balance at 31 March 2020	5,300	1,962	-	7,262

The notes on pages 12 to 19 form an integral part of these financial statements. All operations are continuing.

LIONTRUST INVESTMENT PARTNERS LLP

Notes to the Financial Statements

1. Accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 as applied to LLPs.

Having given consideration to the uncertainties and contingencies disclosed in the financial statements, the Members have satisfied themselves that the Partnership has adequate resources to continue in operation for at least 12 months from approval of the financial statements and they continue to adopt the going concern basis of accounting in preparing the annual financial statements. This assessment includes a review of the ongoing impact of the Covid-19 pandemic on the business; and consideration of a severe but plausible downside scenario in which AuMA falls due to a market event by 20%. The Directors confirm that as a result of this assessment they have a reasonable expectation that the Group and parent company will continue to operate and meet its liabilities as they fall due for at least 12 months from the date of signing these accounts.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IAS 7, 'Statement of cash flows';
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation);
- the requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more Members of a group;
- certain disclosures regarding revenues;
- disclosures in respect of capital management; and
- the effect of new but not yet effective IFRSs.

The financial information has been prepared based on the IFRS standards effective as at 31 March 2021.

b) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

c) Significant accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements used in preparing the financial statements are periodically evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting accounting estimates may not equal the related actual results. There were no estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities.

LIONTRUST INVESTMENT PARTNERS LLP

Note 1. Accounting policies (continued)

d) Foreign currency gains/losses

Items in the financial statements are measured using the currency of the primary economic environment in which the entity operates (The 'functional currency'). The financial statements are presented in Sterling ('£') which is the Partnership's functional and presentation currency.

Foreign currency assets and liabilities are translated at rates of exchange ruling at the Balance Sheet date and any exchange rate differences arising from income or expense items are taken to the income statement within revenue. Any exchange rate gains or losses arising from monetary assets and liabilities are taken to the Statement of Comprehensive Income. Differences arising from the translation of available for sale assets are taken to equity. Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction.

e) Share options

The Partnership (as part of the Group) operates a number of equity settled, share based compensation plans, under which the entity receives services from employees and Members as consideration for equity instruments (options) of the Partnership. The fair value of the employee and Member services received in exchange for the grant of the options is recognised as an expense (and credit to equity reserves) over the vesting period. The total amount to be expensed is determined at the date of the grant by reference to the fair value of the options granted. A number of models have been used to calculate the fair value as follows:

- Liontrust Members Reward Plan ('LMRP') with market based performance conditions attached:

A Monte Carlo simulation model is used to value the award with the following assumptions having been made:

The fair value is spread over the vesting period which is 3 years with an exercise price of nil;

The awards are expected to be exercised at the point they become exercisable;

The risk-free interest rate has been based on the implied yield of zero-coupon government bonds (UK strips) with a remaining term equal to the expected term.

The expected volatility is based on Liontrust Asset Management PLCs historical volatility

- Liontrust Members Reward Plan ('LMRP') with non-market based performance conditions attached:

A Black Scholes model is used to value the award with the following assumptions having been made:

The fair value is spread over the vesting period which is 3 years with an exercise price of nil;

The awards are expected to be exercised at the point they become exercisable;

The risk-free interest rate has been based on the implied yield of zero-coupon government bonds (UK strips) with a remaining term equal to the expected term.

The expected volatility is based on Liontrust Asset Management PLCs historical volatility

Dividend yield of nil as dividend equivalents are paid out in shares on vesting of these awards

Based on historic experience, no reduction in expense has been taken for expected awards lapses from members leaving the Partnership.

The weighted average share price at the date of exercise of share options exercised during the year was £2.96 and 56,440 options were exercised during the year. As at 31 March 2021 there were 87,929 shares outstanding.

LIONTRUST INVESTMENT PARTNERS LLP

Note 1. Accounting policies (continued)

f) Income and expenses

Income and expenses are accounted for on an accruals basis when they become receivable or payable. The Partnership's primary source of revenue is fee income from investment management activities for retail investment funds. These fees are generally based on an agreed percentage of the valuation of the assets under management and are recognised as the service is provided and it is probable that the fee will be received. Contractual rebates payable to customers are deducted from revenue.

Management and administration fees are earned over a period of time, and revenue is recognised in the same period in which the service is performed.

Performance fees are earned in respect of certain contracts only and are recognised when the fee amount can be estimated reliably and it is highly probable that it will not be subject to significant reversal. Performance fees can include terms that a proportion of the fee earned is deferred until the next performance fee is payable. As there is no certainty that such deferred fees will be collectable in future years, the Group's accounting policy is to include performance fees in income only when they become due and collectable.

Operating expenses represent the Partnership's administrative expenses and are recognised as the services are provided.

g) Financial assets

The Partnership classifies its financial assets in the following category: Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets. The Partnership's receivables comprise trade and other receivables and are held at amortised cost.

The Partnership assesses at each Balance Sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

h) Trade and other receivables

Trade and other receivables include prepayments as well as amounts the Partnership is due to receive from third parties in the normal course of business. These include fees as well as settlement accounts for transactions undertaken. These receivables are normally settled by receipt of cash. Trade and other receivables are stated after deducting provisions for bad and doubtful debts. Prepayments arise where the Partnership pays cash in advance for services. As the service is provided, the prepayment is reduced and the operating expense recognised in the income statement.

i) Trade and other payables

Trade and other payables (excluding deferred income) represent amounts the Partnership is due to pay to third parties in the normal course of business. These include expense accruals as well as settlement accounts (amounts due to be paid for transactions undertaken). Trade creditors are costs that have been billed, accruals represent costs, including remuneration, that are not yet billed or due for payment. They are financial liabilities held at amortised cost.

j) Members' capital

Amounts subscribed or otherwise contributed by Members, for example Members' capital, are classed as equity if the Partnership has an unconditional right to refuse payment to Members. If the Partnership does not have such an unconditional right, such amounts are classified as liabilities.

LIONTRUST INVESTMENT PARTNERS LLP

Note 1. Accounting policies (continued)

k) Members' drawings

Members' participation rights are the rights of a Member against the Partnership that arise under the Members' agreement (for example, in respect of amounts subscribed or otherwise contributed, remuneration and profits).

Members' participation rights in the earnings or assets of the Partnership are analysed between those that are, from the Partnership's perspective, either a financial liability or equity. A Member's participation rights result in a liability unless the right to any payment is discretionary on the part of the Partnership.

Where profits are automatically divided as they arise, so the Partnership does not have an unconditional right to refuse payment, the amounts arising that are due to Members are in the nature of liabilities. They are therefore treated as an expense in the Statement of Comprehensive Income. To the extent that they remain unpaid at the period end, they are shown as liabilities in the Balance Sheet.

l) Restatement

Contractual rebates due to customers have been reclassified as a reduction in revenue rather than a cost of sales (see note 4) as they do not represent a payment for distinct goods or services. This restatement reduced revenue and cost of sales by £1,159,000 and has no impact on Gross profit, Profit for the financial year available for discretionary division among members, total comprehensive income for the year ended 31 March 2020 or net assets at 31 March 2020 and does not impact brought forward reserves at 1 April 2020.

2. Segmental reporting

The Partnership operates only in one business segment - Investment management.

3. Financial risk management

The Partnership's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme understands the unpredictable nature of financial markets and seeks to minimise any potential adverse effects on the Partnership's financial performance. The Group uses a number of analytical tools to measure the state of the business which include the Partnership's operations. These include a table of Key Performance Indicators as disclosed in the Group's annual report and financial statements.

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4. Gross Profit

The Partnership's primary source of revenue is investment advisory fees.

	Year Ended 31 March 2021 £'000	Year Ended 31 March 2020 Restated £'000
Revenue*	73,397	49,305
Performance fee revenue	13,692	1,004
Total revenue*	87,089	50,309
Cost of sales*	(1,398)	(909)
Gross profit	85,691	49,400

* Following a review, Management Fees are shown net of contractual rebates with customers, see note 1I for further information
Revenue from earnings includes:

- Investment management fees on open-ended investment companies sub-funds, portfolios and segregated account.
- Performance fees on open-ended investment companies sub-funds, portfolios and segregated accounts.
- Fixed administration fees on unit trusts and open-ended investment companies sub-funds.
- Foreign currency gains and losses.
- Less contractual rebates paid to customers.

The cost of sales includes:

- Operating expenses including (but not limited to) keeping a record of investor holdings, paying income, sending annual and interim reports, valuing fund assets and calculating prices, maintaining fund accounting records, depositary and trustee oversight and auditors.
- Sales commission paid or payable.
- Investment advisory fees paid or payable

5. Administration expenses

	Year Ended 31-Mar-21 £'000	Year ended 31-Mar-20 £'000
Staff costs – allocated from Group entities	10,950	5,080
Wages and salaries (employees)	-	314
Social Security costs (employees)	-	16
Other staff costs (employees)	-	14
Share incentivisation expense	158	188
Option settlement expense	62	53
Other administration expenses	6,779	5,716
	17,949	11,381

The Partnership has been charged by other group entities during the year for staffing costs. These costs relate to work done by employees and Members of group entities. The Partnership had no employees during the year (2020: 3). The total costs relating to the employees was £nil (2020: £344,000)

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6. Trade and other receivables

	As at 31-Mar-21 £'000	As at 31-Mar-20 £'000
Prepayments and accrued income	17,596	3,177
Amounts receivable from group undertakings	5,459	1,621
	23,055	4,798

All financial assets listed above are non-interest bearing and due within 1 year. The carrying amount of these non-interest bearing trade and other receivables approximates their fair value.

Amounts due from group entities are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

No trade receivables are past their due date. Expected credit losses are immaterial.

7. Investment

The Partnership's investment represents interests in the ordinary capital of Liontrust LLP's Members Reward Partnership. The investment is controlled by a general partner, not the Partnership, and the balance is not consolidated.

General partner: Liontrust Member Reward Partnership, 44 Esplanade, St Helier, Jersey, JE4 9WG.

	As at 31-Mar-21 £'000	As at 31-Mar-20 £'000
Balance at 1 April	626	606
Additions/(reductions) during the year	27	20
Balance as at 31 March	653	626

8. Trade and other payables

	As at 31-Mar-21 £'000	As at 31-Mar-20 £'000
Accruals and deferred income	18,022	8,511
Amounts due to group undertakings	-	81
	18,022	8,592

All financial liabilities listed above are non-interest bearing and due within 1 year. The carrying amount of these non-interest bearing trade and other payables approximates their fair value. Amounts due to group entities are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

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9. Members' drawings

	Year ended 31-Mar-21 £'000	Year ended 31-Mar-20 £'000
Aggregate drawings	40,691	28,913
	40,691	28,913

The drawings of the highest paid Member for the year amounted to £9,449,000 (2020: £8,678,000).

The capital contribution of the highest paid Member was £nil (2020: £nil).

The average number of Members during the year was: 25 (2020: 25).

10. Operating profit

	Year ended 31-Mar-21 £'000	Year ended 31-Mar-20 £'000
The following items have been included in arriving at operating profit:		
Staff costs	10,949	5,423
Lease costs	-	66
Services provided by the Partnership's auditors: (excluding VAT)		
Fees payable to the Partnership's auditors for the audit of the Partnership's financial statements for the year	60	75
Audit related assurance services	6	6

The Partnership has been charged by other group entities during the year for staffing costs. These costs relate to work done by employees and Members of group entities. There were no employees during the year (2020: 3). The audit fees for the partnership's financial statements are paid by the Group.

11. Financial Instruments

The Partnership's financial instruments comprise cash and cash equivalents receivables and payable balances that arise from its daily operations. All cash and cash equivalents are shown at their fair value. Cash earns interest at floating or fixed rates based on daily bank deposit rates. The weighted average effective interest rate on cash is 0.1% (2020: 0.1%).

12. Contingent assets and liabilities

The Partnership can earn performance fees on some of the segregated and fund accounts that it manages. In some cases a proportion of the fee earned is deferred until the next performance fee is payable or offset against future underperformance on that account. As there is no certainty that such deferred fees will be collectable in future years, the Partnership's accounting policy is to include performance fees in income only when they become due and collectable and therefore the element (if any) deferred beyond 31 March 2021 has not been recognised in the results for the year.

Contingent assets at 31 March 2021 amounts to £nil (2020: £nil)

Contingent liabilities at 31 March 2021 amounts to £nil (2020: £nil)

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13. Related Party Transactions

As at 31 March 2021 the Partnership owed the following intercompany balances to:

Liontrust International (Luxembourg) S.A. - £nil (2020 : £81,000)

As at 31 March 2021 the Partnership was owed the following intercompany balances by:

Liontrust Asset Management Plc - £5,459,000 (2020 : £1,621,000)

Interests in structured entities

IFRS 12 requires certain disclosures in respect of interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

A structured entity is defined as an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, or when the relevant activities are directed by means of contractual arrangements.

The Partnership has assessed whether the funds it manages are structured entities and concluded that funds managed by the Partnership are structured entities unless substantive removal or liquidation rights exist.

The Partnership has interests in these funds through the receipt of management and other fees and, in certain funds, through ownership of fund units. The Partnership's investments in these funds are subject to the terms and conditions of the respective fund's offering documentation and are susceptible to market price risk. The investments are included in financial assets at fair value through profit or loss in the balance sheet. Where the Partnership has no equity holding in a fund it manages, the investment risk is borne by the external investors and therefore the Partnership's maximum exposure to loss relates to future fees and any uncollected fees at the balance sheet date. Where the Partnership does have an equity holding, the maximum exposure to loss constitutes the future and uncollected management fees plus the fair value of the Partnership's investment in that fund.

	<i>Number of funds</i>	<i>Net AuM of funds</i>	<i>Financial assets at FVTPL</i>	<i>Fees received during the year</i>	<i>Fees receivable</i>
		<i>£'m</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
As at 31 March 2021	10	1,477	-	6,278	711
As at 31 March 2020	11	750	-	4,866	481

14. Parent undertakings

The immediate parent undertaking is Liontrust Investment Services Limited.

The ultimate parent undertaking and controlling party is Liontrust Asset Management PLC, a Company incorporated in England.

Liontrust Asset Management PLC is the parent undertaking of the largest and the smallest group of undertakings to consolidate these financial statements at 31 March 2021. The consolidated financial statements are available from 2 Savoy Court, London, WC2R 0EZ.

15. Post balance sheet date event

There were no post balance sheet date events.