

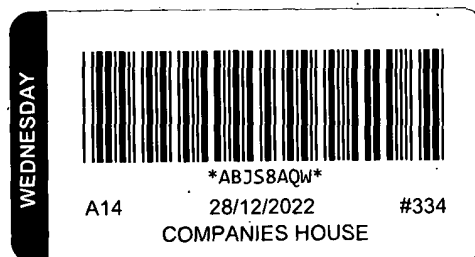
LLP Number OC354233

Fundsmith LLP

Annual Report and Financial Statements

Year Ended

31 March 2022



Report and Financial Statements for the year ended 31 March 2022

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Partnership Information

Members

Terry Smith
Mark Laurence
International Value Investments Limited
NoLeLu II, LLC
Greville Ward
Conrad Rey
Daniel Washburn
Tom Armstrong
Paul Mainwaring
Simon Barnard
Will Morgan
Jonathan Imlah
Peter Jackson
Hugo Cardale
Thomas Boles
Amar Patel

Registered Office

33 Cavendish Square
London
W1G 0PW

LLP Number

OC354233

Bankers

National Westminster Bank
1 Princes Street
London
EC2R 8BP

Royal Bank of Scotland International

1 Princes Street
London
EC2R 8BP

Auditors

Deloitte
1 New Street Square
London
EC4A 3HQ

Members' Report for the year ended 31 March 2022

The Members present their annual report and consolidated financial statements of Fundsmith LLP (the 'Partnership') for the year to 31 March 2022. The Partnership is registered under the Limited Liability Partnerships Act 2000 in England and Wales, of which Fundsmith Partners (US) LLC (the 'US Operating Company') and Fundsmith Equity Fund (GP) LLC (the 'US General Partner') are wholly owned subsidiaries (together, the 'Group'). The US Operating Company is a limited liability company incorporated in Connecticut, USA. The US General Partner is a limited liability company incorporated in Delaware, USA.

Principal activity and review of the business

Fundsmith LLP's principal activity is the management and administration of a number of investment funds. Fundsmith LLP is the Authorised Corporate Director (ACD) of two UK OEICs, Fundsmith Equity Fund and Fundsmith Sustainable Equity Fund; the alternative investment fund manager (AIFM) for two UK investment trusts, FEET plc and Smithson Investment Trust plc, and for three US limited partnerships; and the manager of four segregated accounts. During the financial year until 25 March 2022, Fundsmith LLP was the investment manager and global distributor of the Fundsmith SICAV, an open-ended investment company based in Luxembourg. Fundsmith LLP continues to operate as the global distributor of the Fundsmith SICAV.

Fundsmith LLP is regulated by the FCA, and is registered as an investment advisor with the US SEC.

Results and distributions

The results for the year are shown in the Consolidated Statement of Comprehensive Income on page 9. The profit for the year was £58,190,820 (2021: £57,723,231). The Group's balance sheet on page 10 shows Members' total interests amount to £18,136,223 (2021: £29,308,839).

Political donations

During the year to 31 March 2022 and during the prior year there were no political donations made by the Partnership.

Members' profit allocation

Profits are shared among the Members as governed by the Partnership Agreement dated 3 March 2022.

Members

The Members of the Partnership during the year and up to the date of this report were as follows:

Terry Smith	
Mark Laurence	
Simon Godwin	(retired 30 September 2021)
International Value Investments Limited	
NoLeLu II, LLC	
Greville Ward	
Conrad Rey	
Daniel Washburn	
Tom Armstrong	
Paul Mainwaring	(appointed 24 May 2022)
Simon Barnard	(appointed 24 May 2022)
Will Morgan	(appointed 24 May 2022)
Jonathan Imlah	(appointed 24 May 2022)
Peter Jackson	(appointed 24 May 2022)
Hugo Cardale	(appointed 24 May 2022)
Thomas Boles	(appointed 24 May 2022)
Amar Patel	(appointed 24 May 2022)

Going concern

The Members are of the opinion that the Group and the Partnership have adequate resources to continue operational activities and to meet their liabilities as they fall due for a period of at least twelve months from the date of the approval of the financial statements. Therefore, the going concern basis is adopted in the preparation of the financial statements.

Members' Report for the year ended 31 March 2022

Energy and carbon report

The Group's GHG emissions and energy usage as required to be reported under the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 as amended, is set out below.

GHG emissions and energy usage

GHG emissions and energy usage data for period 1 April 2021 to 31 March 2022 (UK and offshore)	
Emissions from electricity purchased for own use, including for the purposes of transport	15,885
Total gross CO₂e based on above	15,885
Energy consumption used to calculate emissions – kwh	74,813
Tonnes of CO ₂ e per £m revenue	0.000044354

The reporting boundary used for collation of the above data is operations in the United Kingdom and the United States. The calculations have been made in accordance with the International Greenhouse Gas ("GHG") Protocol's Corporate Accounting and Reporting Standard. The data has been gathered in line with requirements of the UK government's Streamlined Energy and Carbon Reporting framework.

No energy efficiency measures were taken in the year as Fundsmith maintains a small carbon footprint through its two office locations.

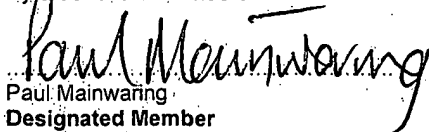
Statement as to disclosure of information to auditors

So far as the Members are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Partnership's auditors are unaware, and each Member has taken all the steps that he ought to have taken as a Member in order to make himself aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.

Auditors

The auditors, Deloitte, have indicated their willingness to continue in office and a resolution concerning their reappointment will be put to the Members.

By order of the Members


Paul Mainwaring
Designated Member

28 July 2022

Statement of Members' Responsibilities

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 the Companies Act 2006) Regulations 2008 require the Members to prepare financial statements for each financial year. Under these regulations the members have elected to prepare the Group and Limited Liability Partnership financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"). Under these regulations the Members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Limited Liability Partnership and of the profit or loss of the Group 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 accounting 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 and;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Limited Liability Partnership will continue in business.

The Members are responsible for keeping adequate accounting records that are sufficient to show and explain the Limited Liability Partnership's transactions, disclose with reasonable accuracy at any time the financial position of the Limited Liability Partnership, and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006 as applied to limited liability partnerships. They are also responsible for safeguarding the assets of the Limited Liability Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to Members of Fundsmith Limited Liability Partnership

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Fundsmith LLP (the 'parent limited liability partnership') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent limited liability partnership's affairs as at 31 March 2022 and of the group's 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 consolidated statement of comprehensive income;
- the consolidated and parent limited liability partnership balance sheet;
- the consolidated and parent limited liability partnership statements of members' interest;
- the consolidated cash flow statement and
- the related notes 1 to 16.

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".

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 group and of the parent 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

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent limited liability partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The members are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to Members of Fundsmith Limited Liability Partnership **(continued)**

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 group's and the parent limited liability partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the group or the parent 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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's and the limited liability partnership's industry and its control environment, and reviewed the group's and the limited liability partnership's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the group and the limited liability partnership operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's or the parent limited liability partnership's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address are described below:

- Revenue recognition of management fee revenue from segregated accounts was considered to be a significant audit risk due to the risk of fraud associated with revenue recognition. To respond to this risk, we:
 - Obtained an understanding of the relevant internal controls and evaluated the effectiveness of the design and implementation of these controls.
 - We challenged the reasonability of the inputs to the calculation and agreed the completeness and accuracy of these inputs, specifically the net asset value and fee rates to supporting documentation.
 - We recalculated 100% of the significant risk account and agreed all the invoices to the recalculation and testing recoverability by observing the bank statement.
 - We inspected the company's board minutes and discussed potentially related party transactions with management.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making

Independent Auditor's Report to Members of Fundsmith Limited Liability Partnership
(continued)

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and regulatory correspondence with HMRC and FCA.

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 parent limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent limited liability partnership 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 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.



Stuart McLaren (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
28 July 2022

Deloitte LLP is a limited liability partnership registered in England and Wales (with registered number OC303675).

Consolidated Statement of Comprehensive Income for the year ended 31 March 2022

	Notes	2022 £	2021 £
Turnover	2	358,143,502	279,264,181
Administrative expenses	3	(299,725,202)	(221,460,224)
Operating profit		58,418,300	57,803,957
Taxation on profit	8	(227,480)	(80,726)
Profit for the financial year		58,190,820	57,723,231

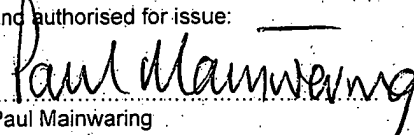
All amounts relate to continuing operations.
There is no other comprehensive income in the prior or current year.

The notes on pages 14 to 21 form part of these financial statements.

Consolidated Balance Sheet at 31 March 2022

	Notes	2022 £	2021 £
Fixed assets			
Investments	8	613	613
Tangible fixed assets	9	358,468	352,336
		<u>359,081</u>	<u>352,949</u>
Current assets			
Debtors	10	222,017,461	303,000,444
Cash at bank and in hand		51,406,651	80,743,062
		<u>273,424,112</u>	<u>383,743,506</u>
Creditors: Amounts falling due within one year	11	(255,646,970)	(354,787,616)
Net current assets		<u>17,777,143</u>	<u>28,955,890</u>
Net assets attributable to Members		<u>18,136,223</u>	<u>29,308,839</u>
Represented by			
Members' interests			
Members' capital classified as equity		8,000,000	7,017,677
Unallocated profit due to members		8,201,352	19,491,828
Amounts due to members		724,006	2,319,041
Subsidiary reserves		1,210,865	480,293
		<u>18,136,223</u>	<u>29,308,839</u>

The financial statements of Fundsmith LLP (with registered number OC354233) were approved by the Members and authorised for issue:


 Paul Mainwaring
 Designated Member

28 July 2022

The notes on pages 14 to 21 form part of these financial statements.

Consolidated Statement of Cash Flows for the year ended 31 March 2022

	Notes	2022 £	2021 £
<u>Cash flows from operating activities</u>			
Profit for the financial year		58,190,820	57,723,231
adjustments for:			
Depreciation of fixed assets	9	125,322	143,787
Decrease/(increase) in trade and other debtors		80,985,583	(152,209,210)
(Decrease)/increase in trade and other creditors		(99,123,682)	162,021,108
		<u>40,178,043</u>	<u>67,678,916</u>
<u>Cash flows from investing activities</u>			
Purchase of tangible fixed assets	9	<u>(130,789)</u>	<u>(179,892)</u>
<u>Cash flows from financing activities</u>			
Distributions and drawings		(69,027,867)	(49,382,508)
Additional capital contributions		7,110	
Capital returned to retired Member		(365,659)	
		<u>(69,386,416)</u>	<u>(49,382,508)</u>
Net (decrease)/increase in cash and cash equivalents		(29,339,161)	18,116,516
Cash and cash equivalents at beginning of the year		80,743,062	62,630,319
Impact of change in FX on subsidiary's cash		2,750	(3,773)
Cash and cash equivalents at end of the year		<u>51,406,651</u>	<u>80,743,062</u>
Cash and cash equivalents comprise:			
Cash at bank and in hand		<u>51,406,651</u>	<u>80,743,062</u>

The notes on page 14 to 21 form part of these financial statements.

LLP Balance Sheet at 31 March 2022

	Notes	2022 £	2021 £
Fixed assets			
Investments	8	366,038	614
Tangible fixed assets	9	339,914	338,431
		<u>705,952</u>	<u>339,045</u>
Current assets			
Debtors	10	221,960,501	302,946,086
Cash at bank and in hand		50,956,428	80,685,588
		<u>272,916,929</u>	<u>383,631,674</u>
Creditors: Amounts falling due within one year	11	(256,697,523)	(355,142,173)
Net current assets		<u>16,215,406</u>	<u>28,489,501</u>
Net assets attributable to Members		<u>16,925,358</u>	<u>28,828,546</u>
Represented by:			
Members' interests			
Members' capital classified as equity		8,000,000	7,017,677
Unallocated profit due to members		8,201,352	19,491,828
Amounts due to members		724,006	2,319,041
		<u>16,925,358</u>	<u>28,828,546</u>

The profit for the financial year dealt with in the financial statements of the Partnership was £57,483,228 (2021: £57,617,498).

The financial statements of Fundsmith LLP (with registered number OC354233) were approved by the Members and authorised for issue:


Paul Mainwaring
Designated Member

28 July 2022

The notes on page 14 to 21 form part of these financial statements.

Statement of Members' Interest for the year ended 31 March 2022

Partnership:

	Members' Capital classified as Equity	Unallocated Profit	Amounts due to/(from) members	Members' Interest 2022	2021
	£	£	£	£	£
As at 31 March 2021	7,017,677	19,491,828	2,319,041	28,828,546	20,593,556
Profit for the year	-	57,483,228	-	57,483,228	57,617,498
Allocation of Profits	-	(68,773,704)	68,773,704	-	-
Additional Capital Contributions	1,347,982	-	(1,340,872)	7,110	-
Capital returned to retired member	(365,659)	-	-	(365,659)	-
Distributions and drawings	-	-	(69,027,867)	(69,027,867)	(49,382,508)
As at 31 March 2022	8,000,000	8,201,352	724,006	16,925,358	28,828,546

The notes on page 14 to 21 form part of these financial statements.

Notes forming part of the financial statements for the year ended 31 March 2022

1. Accounting policies

Fundsmith LLP is a Limited Liability Partnership ("LLP") incorporated in England and Wales under the Limited Liability Partnership Act 2000. The address of the Registered office is given on the contents page and the nature of the Group's operations and its principal activities are set out in the members' report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, including the Statement of Recommended Practice (2018), 'Accounting by Limited Liability Partnerships' and under the historical cost convention.

The Members are of the opinion that the Group and Partnership have adequate resources to continue operational activities and to meet their liabilities as they fall due for a period of at least twelve months from the date of the approval of the financial statements. Therefore, the going concern basis is adopted in the preparation of the financial statements.

The functional currency of the group and parent limited liability partnership is Great Britain Pound (sterling).

There are no significant judgements in accounting policies and no key sources of estimation uncertainty.

Parent LLP disclosure exemptions

In preparing the separate financial statements of the parent LLP, the parent LLP has taken advantage of the following disclosure exemptions available in FRS 102 for qualifying entities, which are presented alongside the consolidated financial statements:

- No cash flow statement has been presented for the parent LLP and;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent LLP as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements present the results of Fundsmith LLP and its subsidiaries ("the Group") as if they formed a single entity. Intergroup transactions and balances between group undertakings are therefore eliminated in full.

The Partnership is the parent of Fundsmith Partners (US) LLC and Fundsmith Equity Fund (GP) LLC. The consolidated financial statements incorporate the financial statements of the Partnership and the two subsidiaries which are referred to together as the Group. The undistributed profits of the subsidiaries are included in consolidated Members' interests.

The Partnership has not presented its individual profit and loss account as allowed by the exemption under Section 408 of the Companies Act 2006.

Tangible Fixed Assets

Tangible fixed assets are recorded at cost and depreciated. Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Leasehold Improvements	-	The term of the lease
Furnitures & Fixtures	-	3 years
Computers Equipment	-	3 years

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken to the profit and loss account.

Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

Profit allocations

Profit allocations are recognised in the year in which they are declared and become a present obligation of the LLP. Unallocated profits are recognised in equity ('other reserves').

Drawings

Drawings represent payments on account of profits which may be allocated to Members. Unallocated profits are included within Members' other interests, classified as equity. Advanced drawings in excess of allocated profits are included within 'Amounts due from Members', and allocated profits in excess of drawings are included within 'Amounts due to Members'.

Members' capital

Initial capital contributions of each of the Members are amounts as set out in the LLP agreement. Further Members shall contribute upon admission to the LLP such capital as determined by the Members.

No Member can withdraw or receive back any part of their capital contribution account except in specific circumstances as detailed in the LLP deed and approved by the Members. Members' capital is therefore classified as equity.

Subsequent capital is repaid to Members shortly after ceasing to be a Member of the LLP, or at such other time as is determined by the Members. Members' subsequent capital is therefore classified as a liability due within one year. There is no opportunity for the appreciation of capital subscribed.

Taxation

Taxation on a Members' share of the LLP's profits is solely the personal liability of the individual Members and consequently is not dealt with in these financial statements. The tax within these consolidated financial statements relate to the corporate subsidiaries of the Group.

Leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term. The value of any rent free period is amortised over the life of the operating lease.

Client money

The Group and Partnership holds money on behalf of clients in accordance with the client money rules of the Financial Conduct Authority. As at 31st March the total balance on designated client bank accounts was £32,393,534.06 (2021: £20,627,198.98). These amounts are not included in cash and cash equivalents as the LLP does not have title or right to the monies.

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (after deducting transaction costs) and subsequently held at amortised cost.

Cash

Cash refers to cash at bank as at balance sheet date.

Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

2. Analysis of Turnover

	2022 £	2021 £
Turnover	358,143,502	279,264,181

Turnover is attributable to one continuing activity, the provision of regulated investment management services provided in the United Kingdom to funds domiciled in the UK, US and Luxembourg. Turnover is recorded on an accrual basis.

3. Administrative expenses

Administrative expenses include services fees (see note 15) and professional fees. Expenses incurred have been accounted for on the accrual basis.

4. Operating profit

	2022 £	2021 £
This is arrived at after charging/(crediting):		
Depreciation of tangible assets	126,954	143,787
Operating lease rentals	592,025	575,083
Fees payable to the LLP's auditor and its associates for the audit of the LLP's annual accounts	50,000	50,000
Fees payable to the LLP's auditors and its associates for other services	96,900	62,712
Foreign Exchange gains/(losses)	(110,960)	(24,502)

Non-audit services comprise the provision of other assurance services

The creation and liquidation of shares in the UK Fund are transacted through the Partnership, through the operation of a manager's box. The net expense recognised comprises the following items:

	2022 £	2021 £
Sale of units	6,479,451,212	6,900,446,218
Repurchase of units	(5,490,282,511)	(5,766,150,444)
Creation of units	(2,507,309,911)	(2,785,318,070)
Liquidation of units	1,518,057,553	1,650,970,355
Bank charges and interest	(627,194)	(358,798)
	(710,851)	(410,739)

Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

5. Employees

	2022 £	2021 £
Staff costs consist of:		
Wages and salaries	23,856,725	15,084,771
Social security costs	2,971,947	1,617,951
Pension contributions	250,036	231,327
	<u>27,078,708</u>	<u>16,934,049</u>

The average number of employees during the year was as follows:

	2022 Number	2021 Number
Administration	42	36
	<u> </u>	<u> </u>

6. Members' remuneration

Profits are shared among the Members in accordance with agreed profit-sharing arrangements. Members are required to make their own provision for pensions from their profit shares.

	2022 Number	2021 Number
Average number of members during the year	9	9
	<u> </u>	<u> </u>
	£	£
Profit attributable to the Member with the largest entitlement	36,447,187	35,661,351
	<u> </u>	<u> </u>

7. Taxation on profit

The profit of the Partnership is not subject to UK corporation tax. The £227,480 (2021: £80,726) in the consolidated statement of comprehensive income is the Federal and State tax charge for the US subsidiary during the financial year.

Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

8. Investments

	2022 Group £	2022 Partnership £
Investment 100% Fundsmith Europe SAS	-	365,424
Investment Fundsmith Equity Fund, LP	613	-
Investment 100% Fundsmith Partners (US) LLC	-	1
Investment 100% Fundsmith Equity Fund (GP) LLC	-	613
Net book value at 31 March 2022	<u>613</u>	<u>366,038</u>
	2021 Group £	2021 Partnership £
Investment Fundsmith Equity Fund, LP	613	-
Investment 100% Fundsmith Partners (US) LLC	-	1
Investment 100% Fundsmith Equity Fund (GP) LLC	-	613
Net book value at 31 March 2021	<u>613</u>	<u>614</u>

The Partnership has a £365,424 investment in Fundsmith Europe SAS, ('Fundsmith Europe'), a company incorporated in Paris, France.

The Group has a £613 investment in Fundsmith Equity Fund, LP, (the 'US Fund'), a company incorporated in Delaware, USA.

The Partnership has a £1 investment in a wholly owned subsidiary, Fundsmith Partners (US) LLC (the 'US Operating Company'), a company incorporated in Connecticut, USA. The US Company provides research services to the Group and support for its US operations.

The Partnership has a £613 investment in Fundsmith Equity Fund (GP), LLC (the 'US General Partner'), a company incorporated in Delaware, USA. The US General Partner is the General Partner to the Fundsmith Equity Fund, LP, the US fund.

Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

9. Tangible fixed assets

Group	Leasehold Improvements	Furniture & Fixtures	Computer Equipment	Total
	£	£	£	£
<i>Cost or valuation</i>				
At 1 April 2021	321,096	223,018	280,773	824,887
FX	-	1,268	1,029	2,297
Revalued opening balance	321,096	234,286	281,802	827,184
Additions	31,944	11,222	87,623	130,789
At 31 March 2022	353,040	235,508	369,425	957,973
<i>Depreciation</i>				
1 April 2021	129,307	143,046	200,198	472,551
FX	-	944	688	1,632
Depreciation in year	24,604	45,693	55,025	125,322
Depreciation at 31 March 2022	153,911	189,683	255,911	599,505
<i>Net book value</i>				
At 31 March 2022	199,129	45,825	113,514	358,468
At 31 March 2021	191,789	79,972	80,575	352,336

LLP	Leasehold Improvements	Furniture & Fixtures	Computer Equipment	Total
	£	£	£	£
<i>Cost or valuation</i>				
At 1 April 2021	321,096	196,508	259,268	776,872
Additions	31,944	11,222	74,347	117,513
At 31 March 2022	353,040	207,730	333,615	894,385
<i>Depreciation</i>				
At 1 April 2021	129,307	123,321	185,813	438,441
Depreciation in year	24,604	41,585	49,840	116,030
Depreciation at 31 March 2022	153,912	164,906	235,653	554,472
<i>Net book value</i>				
At 31 March 2022	199,128	42,824	97,962	339,914
At 31 March 2021	191,789	73,187	73,455	338,431

Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

10. Debtors

	Group 2022 £	Group 2021 £	LLP 2022 £	LLP 2021 £
Management fee receivable	56,455,714	27,688,602	56,455,714	27,688,602
Other debtors	22,000	22,000	18,021	18,022
Rent deposit	52,981	50,380	-	-
	<u>56,530,695</u>	<u>27,760,982</u>	<u>56,473,735</u>	<u>27,706,624</u>
Prepayments and accrued income	965,386	439,721	965,386	439,721
Trade debtors*	164,521,380	274,799,741	164,521,380	274,799,741
	<u>222,017,461</u>	<u>303,000,444</u>	<u>221,960,501</u>	<u>302,946,086</u>

* Trade debtors and creditors represent the debtors and creditors of the manager's box that the LLP operates as the ACD of the Fundsmith Equity Fund and the Fundsmith Sustainable Equity Fund.

11. Creditors: amounts falling due within one year

	Group 2022 £	Group 2021 £	LLP 2022 £	LLP 2021 £
Other creditors	459,109	393,731	459,109	393,731
Accruals and deferred income	23,288,535	14,398,664	20,493,615	14,399,168
Amounts due to associate companies	67,187,134	67,993,896	67,187,134	67,993,896
Amounts due to subsidiary	-	-	3,845,473	354,053
	<u>90,934,778</u>	<u>82,786,291</u>	<u>91,985,331</u>	<u>83,140,848</u>
Trade creditors*	164,712,192	272,001,325	164,712,192	272,001,325
	<u>255,646,970</u>	<u>354,787,616</u>	<u>256,697,523</u>	<u>355,142,173</u>

* Trade debtors and creditors include the debtors and creditors of the manager's box that the LLP operates as the ACD of the Fundsmith Equity Fund and the Fundsmith Sustainable Equity Fund.

Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

12. Financial Instruments

Financial instruments may be analysed as follow:

Financial assets

		Group 2022 £	Group 2021 £	LLP 2022 £	LLP 2021 £
Held at amortised cost	10	<u>56,530,695</u>	<u>27,760,982</u>	<u>56,473,735</u>	<u>27,706,624</u>

Financial liabilities

		Group 2022 £	Group 2021 £	LLP 2022 £	LLP 2021 £
Financial liabilities	11	<u>90,934,778</u>	<u>82,786,291</u>	<u>91,985,331</u>	<u>83,140,848</u>

13. Ultimate controlling party

The ultimate controlling party is deemed to be Terry Smith, based on his direct and indirect control of over 50% of the voting rights of the Partnership.

14. Other financial commitments and contingencies

At 31 March 2022, the Partnership had commitments under non-cancellable operating leases as set out below.

	2022 £	2021 £
Expected future lease payments for the following period		
Within one year	509,925	509,925
Within two to five years	1,654,619	1,846,024
Over five years	<u>355,172</u>	<u>673,694</u>

15. Related party transactions

The Partnership does not disclose transactions between itself and its wholly owned subsidiaries, consistent with FRS102, 33.1A 'Related Party Disclosures'.

The Partnership is related to Fundsmith Investment Services Limited (FISL) due to common control. During the year, the LLP was charged £251,745,949 (2021: £188,134,293) by FISL in respect of services provided. At the year-end a net £67,187,134 (2021: £67,993,896) remained payable.

16. Subsequent events

There were no subsequent events.