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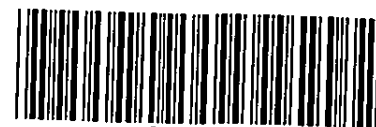
Partnership Registration Number OC307600

GENERATION INVESTMENT MANAGEMENT LLP

Members' Report and Consolidated Financial Statements

31 December 2012

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GENERATION INVESTMENT MANAGEMENT LLP

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31 December 2012

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GENERATION INVESTMENT MANAGEMENT LLP

Members and Professional Advisors

Year ended 31 December 2012

Designated members

D W Blood
P M Harris

Other members

D J Austin
C M le Duc
M Ferguson
A A Gore
D Guirdham
P S Knight
H A Mehn
M C Mills
M R Nogales
M J Ramsay
L Anderson
M K Bray
J L Curtis
K Dicker
M J Kim
N Kukrika
D M Lowish
A M Marshall
M K McBrinn
L M Preston
R Rajeswaran
N N Rosinski
G S Wasserman

Corporate members

Generation Investment Management Services Limited
(resigned 30 March 2012)
Festivebright Limited (resigned 30 March 2012)

**Registered office
and business address**

20 Air Street
London
W1B 5AN

Independent auditors

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

GENERATION INVESTMENT MANAGEMENT LLP

Members' Report

Year ended 31 December 2012

The members have pleasure in presenting their report and the audited consolidated financial statements of Generation Investment Management LLP ("Generation", "Partnership" or the "LLP") and its subsidiaries (together the "Group") for the year ended 31 December 2012

Business review and principal activities

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

Generation is dedicated to the principles of long-term investing, integrated sustainability research and client alignment. Its principal activity is the provision of investment management and advisory services to institutional clients and select individuals

The Partnership is authorised and regulated in the United Kingdom by the Financial Services Authority. Generation Investment Management US LLP is registered with the US Securities and Exchange Commission

The principal activity of Generation Investment Management Services Limited (the "Company") was to provide staff services to the LLP

Results for the year and allocation to members

The profit for the year attributable to members was £26.1m (2011 profit of £50.6m)

Net assets attributable to members as at 31 December 2012 were £25.1m (2011 net assets of £42.3m)

Future outlook

Generation intends to continue to develop its people and culture, investment strategies, provide exceptional client service and to be an advocate of sustainable capitalism

Principal risks and uncertainties

The Group's operations expose it to a variety of financial risks, the most significant of which are credit and operational risk. These are explored in more detail in note 17 to the financial statements. In accordance with the rules of the Financial Services Authority, the Group has published information on its risk management objectives and policies and on its regulatory capital requirements and resources. This information is available at www.generationim.com

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

Risk Oversight Group

The Group exercises oversight of its principal risks through the Risk Oversight Group ("ROG"). The ROG is chaired by an independent non-executive officer; its role, amongst other responsibilities, is to review Generation's internal controls and regulatory compliance, monitor financial risks, review new business opportunities, receive reports from Generation's external auditors and consider the draft financial statements prior to approval by the members. The ROG met formally five times during the year.

GENERATION INVESTMENT MANAGEMENT LLP

Members' Report

Year ended 31 December 2012

Designated members

The following designated members have held office since incorporation on 5 April 2004

- D W Blood
- P M Harris (16 August 2004)

Policy with respect to members' drawings and the subscription and repayments of members' capital

Certain members are entitled to Annual Profit Share (APS) which is taken as drawings. In the case of sixteen members their APS is guaranteed in 2012 (2011 sixteen). The amount of APS for each member is determined by the members' remuneration committee.

Distribution of profits can be made at the discretion of the members' management committee, taking into account a range of factors including the anticipated needs of the LLP, and the relevant member shares. Distributions may be paid net of a tax retention which is released to members to pay tax as required. The balance of tax retained from members is shown within Amounts due to members in note 18.

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

Capitalisation

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

Employee Incentive Benefit Plan (EIBP)

To date Generation has invested £4.8m (2011 £4.4m) in an incentive benefit plan for members and employees. During the year £0.4m (2011 £1.1m) was invested. Members and employees have been granted awards which have been invested in Generation's investment funds. Generally and subject to the Plan Rules, the awards vest after three years and after five years the investments may be realised and cash payments made based upon the current redemption value of those investments.

FSA Remuneration Code disclosures

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

Carbon offsetting

To minimise its impact on the environment Generation purchases voluntary offsets to cover the estimated emissions attributable to all employees, members, their partners and any children. In 2012 these voluntary offsets were generated from renewable energy and forestry projects.

GENERATION INVESTMENT MANAGEMENT LLP

Members' Report

Year ended 31 December 2012

The Generation Foundation

The members fund The Generation Foundation (the 'Foundation') from net distributable profits. During the year the Foundation made matched-giving awards in relation to eligible donations to charities by staff and members of the LLP and continued its advocacy and grant-giving activities. The Foundation plans to continue its activities in 2013.

Statement of members' responsibilities

The Limited Liability Partnerships (Accounts and Audit)(Application of Companies Act 2006) Regulations 2008 require the designated members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the LLP and the Group and of the profit or loss of the Group 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 Partnership will continue in business.

The designated members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the LLP and of the Group and to enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, subject to any material departures disclosed and explained in the financial statements. They are also responsible for safeguarding the assets of the LLP and of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. These responsibilities are fulfilled by the members.

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

Statement of disclosure of information to auditors

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

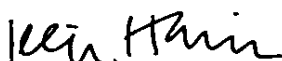
Independent auditors

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

Registered office

20 Air Street
London
W1B 5AN

Signed on behalf of the members



P M Harris
Designated member

Approved by the members on 28 March 2013

GENERATION INVESTMENT MANAGEMENT LLP

Our Values

Year ended 31 December 2012

Commitment to clients

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

Integrity

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

Excellence and innovation

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

Teamwork

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

Communication

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

Diversity

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

Sustainability research

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

Independence

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

Responsible citizenship

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

Sustainable Capitalism

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

GENERATION INVESTMENT MANAGEMENT LLP

Independent Auditors' Report to the Members of Generation Investment Management LLP

Year ended 31 December 2012

We have audited the group and partnership financial statements (the "financial statements") of Generation Investment Management LLP for the year ended 31st December 2012 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Partnership Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of members and auditors

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

This report, including the opinions, has been prepared for and only for the members of the partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and limited liability partnership's affairs as at 31 December 2012 and of the group's profit and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, 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.

GENERATION INVESTMENT MANAGEMENT LLP

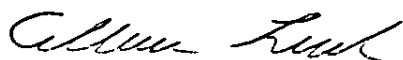
Independent Auditors' Report to the Members of Generation Investment Management LLP

Year ended 31 December 2012

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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



Colleen Local (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

28 March 2013

GENERATION INVESTMENT MANAGEMENT LLP

Consolidated Profit and Loss Account

At 31 December 2012

	Note	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Turnover	2	50,102	71,070
Administrative expenses		(19,050)	(14,273)
Other operating income	3	126	124
Operating profit	4	31,178	56,921
Interest receivable		80	121
Unrealised gain/(loss) on investments	8, 9	364	(200)
Interest payable		-	(17)
Profit for the financial year before taxation		31,622	56,825
Taxation	5	(491)	(1,475)
Profit for the financial year before members' remuneration and profit shares		31,131	55,350
Members' remuneration charged as an expense	16	(5,068)	(4,774)
Profit for the financial year available for discretionary division among members		26,063	50,576

Consolidated Statement of Total Recognised Gains and Losses

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Profit for the financial year available for division among members	26,063	50,576
Translation (loss)/gain on consolidation of foreign subsidiary	(658)	157
Total recognised gains and losses	25,405	50,733

All of the activities of the Group are classed as continuing

There is no material difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical costs equivalents

As permitted by Section 408 Companies Act 2006 (as modified for application to LLPs) the LLP is exempt from presenting its own profit and loss account. The profit of the LLP for the financial year amounted to £18.6m (2011: £45.7m)

The notes on pages 13 – 30 form part of these financial statements

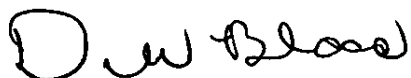
GENERATION INVESTMENT MANAGEMENT LLP

Consolidated Balance Sheet

At 31 December 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Tangible assets	7	2,731	967
Other investments	8	2,686	2,497
		<u>5,417</u>	<u>3,464</u>
Current assets			
Debtors	10	16,411	16,475
Investments	9	8,930	22,124
Cash and short term deposits at bank		5,533	8,549
		<u>30,874</u>	<u>47,148</u>
Creditors: Amounts falling due within one year	11	<u>(5,267)</u>	<u>(5,020)</u>
Net current assets		<u>25,607</u>	<u>42,128</u>
Total assets less current liabilities		31,024	45,592
Provisions for liabilities	12	<u>(5,901)</u>	<u>(3,313)</u>
Net assets attributable to members		<u>25,123</u>	<u>42,279</u>
Represented by			
Equity			
Members' capital	18	10,839	6,915
Foreign exchange reserves	18	(390)	268
EIBP gift reserve	13, 18	-	-
Other reserves	18	5,889	24,346
		<u>16,338</u>	<u>31,529</u>
Total members' interests			
Amounts due to members	18	8,785	10,750
Members' other interests	18	16,338	31,529
		<u>25,123</u>	<u>42,279</u>

The financial statements were approved by the designated members on 28 March 2013



D W Blood
Designated member



P M Harris
Designated member

The notes on pages 13 – 30 form part of these financial statements

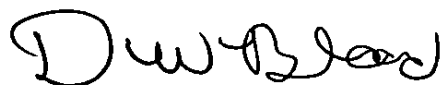
GENERATION INVESTMENT MANAGEMENT LLP

Partnership Balance Sheet

At 31 December 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Tangible assets	7	2,299	457
Other investments	8	4,590	4,287
		<u>6,889</u>	<u>4,744</u>
Current assets			
Debtors	10	9,560	11,233
Investments	9	8,216	21,460
Cash and short term deposits at bank		5,035	8,541
		<u>22,811</u>	<u>41,234</u>
Creditors: Amounts falling due within one year	11	<u>(10,508)</u>	<u>(9,744)</u>
Net current assets		<u>12,303</u>	<u>31,490</u>
Total assets less current liabilities		<u>19,192</u>	<u>36,234</u>
Provisions for liabilities	12	<u>(5,445)</u>	<u>(3,046)</u>
Net assets attributable to members		<u>13,747</u>	<u>33,188</u>
Represented by:			
Equity			
Members' capital	18	12,966	8,755
EIBP gift reserve	13, 18	-	380
Other reserves	18	<u>(7,748)</u>	<u>13,683</u>
		<u>5,218</u>	<u>22,818</u>
Total members' interests			
Amounts due to members	18	8,529	10,370
Members' other interests	18	<u>5,218</u>	<u>22,818</u>
		<u>13,747</u>	<u>33,188</u>

The financial statements were approved by the designated members on 28 March 2013



D W Blood
Designated member



P M Harris
Designated member

The notes on pages 13 – 30 form part of these financial statements

GENERATION INVESTMENT MANAGEMENT LLP

Consolidated Cash Flow Statement

Year ended 31 December 2012

	Note	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Net cash inflow from operating activities	(1)	34,132	65,792
Returns on investments and servicing of finance			
Interest received		80	121
Interest element of finance leases		-	(17)
Net cash inflows from returns on investments and servicing of finance		80	104
Taxation			
Corporation tax paid		-	(9)
Overseas tax paid		(491)	(1,466)
Net cash outflow from taxation		(491)	(1,475)
Capital expenditure and financial investment			
Payments to acquire fixed assets		(2,113)	(428)
Receipt from sale of investments		14,032	972
Payments to acquire investments		(1,027)	(1,353)
Net cash inflow/(outflow) from capital expenditure and financial investment		10,892	(809)
Transactions with members			
Movement in amounts due to members		(9,956)	(443)
Capital withdrawn		-	(306)
Salaried remuneration of members		(5,068)	(4,774)
Drawings paid to members		(32,605)	(53,735)
Net cash outflow from transactions with members		(47,629)	(59,258)
Financing		-	(116)
Net (decrease)/increase in cash and short term deposits at bank	(2)	(3,016)	4,238

The notes on pages 13 – 30 form part of these financial statements

GENERATION INVESTMENT MANAGEMENT LLP

Consolidated Cash Flow Statement (continued)

Year ended 31 December 2012

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
(1) Reconciliation of operating profit to net cash outflow from operating activities		
Operating profit	31,178	56,921
Depreciation	349	152
Unrealised gain/(loss) on investment	364	(200)
Decrease in debtors	64	5,911
Increase in creditors	247	1,997
Increase in provisions	2,588	853
(Decrease)/increase in foreign exchange reserves	(658)	157
Other non-cash changes	-	1
Net cash inflow from operating activities	34,132	65,792

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
(2) Reconciliation of net cash flow to movements in net funds		
(Decrease)/increase in cash and short term deposit at bank	(3,016)	4,238
Finance leases	-	116
Movement in net funds in the year	(3,016)	4,354
Net funds at beginning of year	8,549	4,195
Net funds at end of year	5,533	8,549

Analysis of changes in net funds

	1 January 2012 £'000	Cash flows £'000	Other non-cash changes £'000	31 December 2012 £'000
Net cash	8,549	(3,016)	-	5,533
Cash and short term deposit at bank	8,549	(3,016)	-	5,533
Net funds	8,549	(3,016)	-	5,533

The notes on pages 13 – 30 form part of these financial statements

GENERATION INVESTMENT MANAGEMENT LLP

Notes to the consolidated financial statements

Year ended 31 December 2012

1 Accounting policies

Basis of accounting

The consolidated financial statements are prepared under the historical cost convention as modified by the revaluation of certain fixed asset and current asset investments and in accordance with the Companies Act 2006 as applied to Limited Liability Partnerships unless specified otherwise, and applicable accounting standards in the United Kingdom. The financial statements have also been prepared in accordance with the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' (SORP) issued in 2010.

Investment in New Forests Pty has been accounted for as a fixed asset investment measured at fair value rather than an associate undertaking, in accordance with the requirements of paragraph 49 of FRS 9, Associates and joint ventures. This treatment is a departure from the Companies Act requirement to equity account for associated undertakings. Generation views New Forests as an investment that is part of its ongoing development of a portfolio of investments that will be managed on a fair value basis for capital appreciation and/or income, and considers the value of the holding to be in its marketable value. The members consider the effect of equity accounting would not present a true and fair view in this instance.

The effect of departing from the Act cannot be reasonably quantified as the cost of providing equity accounted information would be onerous. However, the original cost of the investment is £2,677,430.

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Going Concern

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

Consolidation

The consolidated financial statements incorporate the financial statements of the LLP and its subsidiary undertakings. All significant inter-company accounts and transactions have been eliminated upon consolidation. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements as permitted by section 408 of the Companies Act 2006.

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 into account in arriving at the operating profit.

Where a trading transaction is covered by a related or matching forward contract, the rate of exchange specified in the contract is used.

Assets and liabilities of subsidiaries which have currencies of operation other than sterling are translated into sterling at the year-end exchange rates. Profits and losses are translated at the average rate of exchange for the year. Exchange differences arising from the retranslation of the opening net assets of subsidiaries, which have currencies of operation other than sterling and any related loans are taken to reserves together with the differences arising when the profit and loss accounts are translated at average rates and compared with rates ruling at the year end. Other exchange differences are taken to the profit and loss account.

GENERATION INVESTMENT MANAGEMENT LLP

Notes to the consolidated financial statements *(continued)*

Year ended 31 December 2012

Segmental reporting

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

Turnover

The turnover shown in the profit and loss account represents amounts due for investment advisory services recognised on an accruals basis during the year, exclusive of Value Added Tax.

The basis on which performance fees for investment advisory services are calculated may vary across clients and investment strategies. Performance fees are recognised when they are receivable.

Interest receivable

Interest comprises interest on cash balances and short-term money market deposits and is accounted for on an accruals basis.

Pension arrangements

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

Employee Incentive Benefit Plan (EIBP)

The Group has created the EIBP for members and employees. Payments made to the plan in respect of awards to certain employees and members are recognised as assets and liabilities of the Group until such assets vest, subject to the Plan Rules, to the identified beneficiary.

Finance leases

Assets held under finance lease agreements are capitalised and disclosed under tangible fixed assets at the present value of the minimum lease payments. They are depreciated over the lower of the useful lives and the term of the lease. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account over the life of the lease.

Operating leases

Rental costs under operating leases are charged to the profit and loss account on a straight-line basis over the lease term. Benefits in the form of rent-free periods are treated as a reduction in the overall rent expense on the lease and, in accordance with UITF 28 "Operating Lease Incentives", are recognised on a straight line basis over the shorter of the lease term or the period up to the initial rental review date. Sublease income is accounted for on an equivalent basis.

Taxation

Income tax payable on the LLP's profits is solely the personal liability of the individual members and consequently is not dealt with in these financial statements.

Generation Investment Management US LLP is subject to corporate level taxes levied by New York City Department of Finance, based on profits for the financial year.

Generation Investment Management Services Limited is also subject to corporate level taxes levied by New York City Department of Finance, New York State Department of Taxation and Finance and the Department of the Treasury Internal Revenue Service as a consequence of receiving a profit share allocation deemed to be partly sourced from US income. Generation Investment Management Services Limited is also subject to UK corporation tax.

Deferred tax is recognised, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

GENERATION INVESTMENT MANAGEMENT LLP

Notes to the consolidated financial statements (*continued*)

Year ended 31 December 2012

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax is measured at the tax rates that are substantively enacted at the balance sheet date and expected to apply in the periods in which the temporary differences reverse.

Tangible fixed assets

Tangible fixed assets are stated at the lower of cost or valuation less depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

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

Assets under construction represent the cost of purchasing, constructing and installing tangible fixed assets ahead of their productive use. The category is of a temporary nature, pending completion of the asset and its transfer to the appropriate and permanent category of tangible fixed assets. Depreciation is not charged until the asset is complete and the asset is transferred to a permanent category.

Fixed asset investments

Fixed asset investments are financial assets held for continuing use in the business and include investments in Generation funds, shares in subsidiary undertakings and interests in associate undertakings. Fund investments are held at fair value through profit or loss and are stated at market value in accordance with market practice and profits and losses on revaluation are taken to the profit and loss account as unrealised. Generation uses the most appropriate method to determine the fair value of unquoted entities and equity related securities. Valuation methods may include the use of recent transaction prices, applying an earnings multiple to maintainable earnings or using a discounted cashflow model. Shares in subsidiary undertakings are recorded at cost less any provision for diminution in value that is considered to be permanent. Interests in associate undertakings are accounted for using the equity method unless this would not present a true and fair view.

Current asset investments

Current asset investments are financial asset investments held for continuing use in the business. Marketable securities are classified as held at fair value through profit or loss and are stated at market value in accordance with market practice, profits and losses arising from revaluation are taken to the profit and loss account as unrealised.

Current assets

Current assets include receivables which are non-derivative financial assets with fixed or determinable payments not quoted on an active market. The Group and LLP's current assets comprise trade and other receivables and cash and cash equivalents in the balance sheet.

An assessment is made at each balance sheet date whether there is objective evidence that a financial asset is impaired.

Provisions

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

GENERATION INVESTMENT MANAGEMENT LLP

Notes to the consolidated financial statements (continued)

Year ended 31 December 2012

Provision is made for the present value of onerous lease commitments in respect of surplus property, after allowance for anticipated sublet rental income, and to restore premises to their original condition upon vacating them where such an obligation exists under the lease. Present value is based on discounted future cash flows, with the unwinding of that discount to be recognised as an expense within finance charges in future periods

Allocation of profits and drawings

A member's share in the profit or loss for the year is accounted for as an allocation of profits. To the extent that interim or final profit allocations exceed drawings then the excess profit is included in the balance sheet under amounts due to members. Where drawings exceed the allocated profits then the excess is deducted from capital. Unallocated profits and losses are included in "other reserves" within members' other interests

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

2. Turnover

The turnover and profit are attributable to the principle activity of the Group

An analysis of turnover is given below

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
United Kingdom	28,154	45,486
United States	21,948	25,584
	<u>50,102</u>	<u>71,070</u>

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Management fees	38,943	38,349
Performance fees	11,159	32,721
	<u>50,102</u>	<u>71,070</u>

3 Other operating income

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Rent receivable	126	124

GENERATION INVESTMENT MANAGEMENT LLP

Notes to the consolidated financial statements *(continued)*

Year ended 31 December 2012

4 Operating profit

Operating profit is stated after charging

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Depreciation of own fixed assets	349	152
Auditors' remuneration		
- Fees payable for the audit of the Partnership	45	50
- Fees payable for the audit of the Partnership's subsidiaries	-	11
- Fees payable for other assurance services	99	88
- Fees payable for tax advisory services	340	277
- Fees payable for tax compliance services	264	304
- Fees payable for other non-audit services	2	-
Operating lease costs – buildings	2,313	1,491
Foreign exchange gain	119	19

5 Taxation

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Current tax		
UK Corporation tax at 24.5% (2011: 26.5%)	-	9
Foreign current tax	456	1,559
	<u>456</u>	<u>1,568</u>
Deferred tax		
Origination of timing differences		
Foreign deferred tax	35	(93)
	<u>35</u>	<u>(93)</u>
Tax on profit on ordinary activities	<u>491</u>	<u>1,475</u>

The tax for the period is lower (2011: lower) than the standard rate of corporation tax in the UK of 24.5% (2011: 26.5%) as not all members of the Partnership are subject to UK corporation tax. However, certain subsidiary undertakings are subject to local corporate taxes largely arising on profits for the financial year as shown below. Generation Investment Management Services Limited is subject to corporation tax rate at the appropriate effective rate. For the year-ended 31 December 2012 the Company reported no taxable profits.

GENERATION INVESTMENT MANAGEMENT LLP

Notes to the consolidated financial statements (*continued*)

Year ended 31 December 2012

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Profit on ordinary activities before tax	30,959	56,825
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5% (2011 26.5%)	7,430	14,774
Effects of:		
Profits chargeable on members	(7,430)	(14,774)
Overseas taxation	456	1,559
Expenses not deductible for tax purposes	-	9
Total current tax	456	1,568

6. Employees and remuneration

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

	Year ended 31 December 2012 Number	Year ended 31 December 2011 Number
Investment Team	9	7
Client Relationship Team	3	2
Infrastructure Team	17	16
Total number of employees	29	25

The aggregate costs of staff was

	£'000	£'000
Wages and salaries	4,794	4,457
Social security costs	616	567
Other pension costs	439	273
	5,849	5,297

GENERATION INVESTMENT MANAGEMENT LLP

Notes to the consolidated financial statements (continued)

Year ended 31 December 2012

7 Tangible fixed assets – the Group

	Leasehold premises £'000	Fittings and furnishings £'000	Office equipment £'000	Assets under construction £'000	Total £'000
COST					
At 1 January 2012	760	870	522	274	2,426
Additions	1,713	188	212	-	2,113
Transfers	274	-	-	(274)	-
At 31 December 2012	2,747	1,058	734	-	4,539
DEPRECIATION					
At 1 January 2012	217	777	465	-	1,459
Charge for the year	211	39	99	-	349
At 31 December 2012	428	816	564	-	1,808
NET BOOK VALUE					
At 31 December 2012	2,319	242	170	-	2,731
At 31 December 2011	543	93	57	274	967

Tangible fixed assets – the LLP

	Leasehold premises £'000	Fittings and furnishings £'000	Office equipment £'000	Assets under construction £'000	Total £'000
COST					
At 1 January 2012	159	782	460	274	1,675
Additions	1,713	188	208	-	2,109
Transfers	274	-	-	(274)	-
At 31 December 2012	2,146	970	668	-	3,784
DEPRECIATION					
At 1 January 2012	42	743	433	-	1,218
Charge for the year	151	27	89	-	267
At 31 December 2012	193	770	522	-	1,485
NET BOOK VALUE					
At 31 December 2012	1,953	200	146	-	2,299
At 31 December 2011	117	39	27	274	457

Assets under construction represent stamp duty associated with the lease of new office space and legal and professional fees in connection with the fit-out. The category is of a temporary nature therefore it has been transferred to the appropriate and permanent category of tangible fixed assets following the completion of the fit out in 2012.

GENERATION INVESTMENT MANAGEMENT LLP

Notes to the consolidated financial statements *(continued)*

Year ended 31 December 2012

8. Fixed asset investments – the Group

Investments in Generation funds and investments

	2012			2011		
	Generation funds	Investments	Total	Generation funds	Investments	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January	9	2,488	2,497	5	2,204	2,209
Additions	-	189	189	-	284	284
Unrealised gain on investments	-	-	-	4	-	4
At 31 December	9	2,677	2,686	9	2,488	2,497

Fixed asset investments – the LLP

Shares in subsidiary undertakings and investments

	2012			2011		
	Subsidiary undertakings	Investments	Total	Subsidiary undertakings	Investments	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January	1,799	2,488	4,287	1,799	2,204	4,003
Additions	114	189	303	-	284	284
At 31 December	1,913	2,677	4,590	1,799	2,488	4,287

Subsidiary undertakings comprise the following

Name	Country of registration	Nature of business
Generation Investment Management Services Limited	England	Supplier of staff services
Generation IM Climate Solutions GP (Scotland) Limited	Scotland	General partner
Generation Investment Management US LLP	USA	Investment manager
Generation IM Climate Solutions GP Limited	Cayman	General partner
GIM Credit Holdings (Luxembourg) S à r l	Luxembourg	Holding company
Generation Investment Management S à r l	Luxembourg	Fund management

The LLP owns 99.9% of Generation Investment Management US LLP which in turn owns 100% of Generation Investment Management Services LLC which holds the remaining 0.01% investment in Generation Investment Management US LLP

GENERATION INVESTMENT MANAGEMENT LLP

Notes to the consolidated financial statements (*continued*)

Year ended 31 December 2012

The LLP owns 100% of both Generation IM Climate Solutions GP (Scotland) Limited and Generation IM Climate Solutions GP Limited for the year ended 31 December 2012

GIM Credit Holdings (Luxembourg) S à r l and Generation Investment Management S a r l were dormant for the period to 31 December 2012. The LLP owns 100% of both entities. GIM Credit Holdings (Luxembourg) S à r l in turn owns 100% of GIM Credit (Luxembourg) S à r l

Generation Investment Management Services Limited forms part of the Group and is consolidated accordingly. The company's directors intend to cease trading in 2013 therefore the company is no longer considered a going concern, however there is no impact on the consolidated accounts as a result of this.

The LLP holds 22.94% (2011: 22.39%) of the voting rights in New Forests Pty Limited represented by a combination of both preference and ordinary shares.

Name	Country of registration	Nature of business
New Forests Pty Limited	Australia	Fund management

9 Current asset investments – the Group

	2012 £'000	2011 £'000
At 1 January	22,124	22,030
Additions	837	1,069
Disposal	(14,395)	(771)
Unrealised gain/(loss) on investments	364	(204)
At 31 December	8,930	22,124

Current asset investments – the LLP

	2012 £'000	2011 £'000
At 1 January	21,460	21,396
Additions	672	1,026
Disposals	(14,267)	(763)
Unrealised gain/(loss) on investments	351	(199)
At 31 December	8,216	21,460

Current asset investments comprise investments in sterling liquid money market funds and investments on behalf of the EIBP, details of which are given in note 13. The money market funds are used as diversification vehicles for holding short term operating cash and are valued at par, £5.2m (2011: £19.3m). Assets held by the EIBP are restricted in their use by the Group and LLP. The members believe that the carrying value of the investments is supported by their underlying net assets.

GENERATION INVESTMENT MANAGEMENT LLP

Notes to the consolidated financial statements (*continued*)

Year ended 31 December 2012

10 Debtors

	2012		2011	
	The Group £'000	The LLP £'000	The Group £'000	The LLP £'000
Trade debtors	937	687	3,956	3,338
Other debtors	2,648	1,874	749	728
Deferred award	1,681	1,551	1,762	1,701
Prepayments and accrued income	11,145	5,448	10,008	5,466
	<u>16,411</u>	<u>9,560</u>	<u>16,475</u>	<u>11,233</u>

11. Creditors Amounts falling due within one year

	2012		2011	
	The Group £'000	The LLP £'000	The Group £'000	The LLP £'000
Trade creditors	1,026	1,011	806	1,770
VAT payable	32	32	1,121	1,121
PAYE and social insurance	1,251	1,251	1,057	110
Other creditors	1,273	6,709	256	5,165
Accruals and deferred income	1,685	1,505	1,780	1,578
	<u>5,267</u>	<u>10,508</u>	<u>5,020</u>	<u>9,744</u>

12 Provisions for liabilities

The Group

	EIBP £'000	Deferred tax £'000	Onerous lease £'000	Total £'000
At 1 January 2012	3,111	202	-	3,313
Movement in year	<u>970</u>	<u>35</u>	<u>1,583</u>	<u>2,588</u>
At 31 December 2012	<u>4,081</u>	<u>237</u>	<u>1,583</u>	<u>5,901</u>

The LLP

	EIBP £'000	Onerous lease £'000	Total £'000
At 1 January 2012	3,046	-	3,046
Movement in year	<u>816</u>	<u>1,583</u>	<u>2,399</u>
At 31 December 2012	<u>3,862</u>	<u>1,583</u>	<u>5,445</u>

GENERATION INVESTMENT MANAGEMENT LLP

Notes to the consolidated financial statements *(continued)*

Year ended 31 December 2012

Employee Incentive Benefit Plan

Provisions for liabilities consist of amounts due to employees by the EIBP of £3 1m (2011 £2 8m) and National Insurance on the awards under the EIBP of £0 4m (2011 £0 3m)

Deferred tax

The charge to tax, which arises in Generation Investment Management US LLP included within these financial statements, is

	The Group		The LLP	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Provision for deferred tax comprises -				
Short-term timing differences	237	202	-	-
Deferred tax provision	237	202	-	-

Onerous lease

Provisions are recognised for obligations under property contracts that are onerous. The provisions are based on estimated future cash flows that have been discounted to present value at a rate of 4.15%. The onerous lease provision covers residual lease commitments up to the end of the lease (the length remaining on the sole onerous lease being five years) and is after allowing for expected sublet rental income.

13. Employee Incentive Benefit Plan

The plans are designed to give certain employees and members an investment interest in the Generation managed investment funds. On the closure of the plan the value of these interests in the funds will be realised and payments will be made in respect of the value of those interests at the time.

Generation provides three separate Employee Incentive Benefit Plans:

Generation IM Global Equity Plan and Generation IM Asia Equity Plan

- For certain UK employees, the LLP has created an Employee Benefit Trust in which those UK employees will be beneficiaries. The Trust has made an investment in units of the Generation IM Global Equity Fund and Generation IM Asia Equity Fund.
- For certain UK employees, LLP members and US citizen employees, the LLP has invested directly in the Generation IM Global Equity Fund and Generation IM Asia Equity Fund.

Generation IM Climate Solutions Plan

- For certain UK employees and US citizen employees, the LLP has invested directly in the Generation IM Climate Solutions Fund, L.P. feeder funds.

Member and employee interests in the plans are set out in award letters to participants. The awards represent awards of units or financial interests in Generation Funds. The number of units comprised in an award or the financial interest depends on the member's or employee's level of seniority at the grant date.

GENERATION INVESTMENT MANAGEMENT LLP

Notes to the consolidated financial statements *(continued)*

Year ended 31 December 2012

Terms and conditions of the awards are detailed in the Plan Rules. Subject to Plan Rules, the awards vest for members and employees after three years from the date of grant and after five years the units will be redeemed and cash payments may be made in respect of the value of the awards.

14. Related party transactions

The Group is appointed as the investment manager of Generation IM Global Equity Fund LLC, Generation IM Asia Fund LP and Generation IM Climate Solutions Fund, L P and Generation IM Fund PLC, including its sub-funds Generation IM Global Equity Fund and Generation IM Asia Fund.

Generation IM Global Equity Fund and Generation IM Asia Fund are related parties as three group members are directors of Generation IM Fund PLC.

Generation IM Global Equity Fund LLC is a related party as a group member serves as Organisational Member of the Fund.

Generation IM Asia Fund LP is a related party as a group member serves as President of Generation Investment Management US LLP, the General Partner of the Fund.

Generation IM Climate Solutions Fund, L P is a related party as two group members serve as directors of Generation IM Climate Solutions GP, Limited.

The Group holds 12,550,621 (2011: 15,076,792) shares in Generation IM Global Equity Fund and 790,404 (2011: 790,404) shares in the Generation IM Asia Fund. RBC cees Trustee Limited holds 9,605,590 (2011: 5,513,358) shares in the Generation IM Global Equity Fund and 3,369,660 (2011: 3,369,660) shares in the Generation IM Asia Fund for the Group's EIBP in respect of certain UK members and employees. The Group holds interests amounting to £0.6m (2011: £0.3m) invested in Generation IM Global Equity Fund LLC and £0.04m (2011: £0.04m) invested in Generation IM Asia Fund LP on behalf of certain US members and employees, and called committed interests of £0.3m (2011: £0.3m) in Generation IM Climate Solutions Fund, L P on behalf of certain UK and US employees, all in connection with the Group's EIBP (see notes 13 and 14).

The Group has taken advantage of the exemption from the requirement to disclose transactions with related parties that are wholly owned within the group.

GENERATION INVESTMENT MANAGEMENT LLP

Notes to the consolidated financial statements *(continued)*

Year ended 31 December 2012

As investment manager, the Group has earned income during the year from related parties as follows

	Total Income for year ended		Accrued Income as at	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	£'000	£'000	£'000	£'000
Generation IM Global Equity Fund	15,246	23,444	3,758	3,507
Generation IM Global Equity Fund LLC	7,761	13,614	2,180	1,648
Generation IM Asia Fund	475	240	125	110
Generation IM Asia Fund LP	148	77	39	35
Generation IM Climate Solutions Fund, L P	5,100	5,671	-	-

An agreement is in place between Generation Investment Management US LLP and Caney Fork River LLC to sublease office space with effect from 15 March 2009. A group member is also a member of Caney Fork River LLC. Under the sublease arrangement the Group earned income during the year as follows

	Total Income for year ended		Accrued Income as at	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	£'000	£'000	£'000	£'000
Caney Fork River LLC	126	124	-	-

15 Controlling party

David Blood is the Senior Partner and has a majority interest in the capital of the LLP. However, the LLP is controlled jointly by the members.

GENERATION INVESTMENT MANAGEMENT LLP

Notes to the consolidated financial statements (*continued*)

Year ended 31 December 2012

16. Information in relation to members

	Year ended 31 December 2012	Year ended 31 December 2011
	Number	Number
Average number of members during the year	25	24
	£'000	£'000
Members drew guaranteed APS amounting to	5,068	4,774
	£'000	£'000
Profit for the year attributable to members	£'000	£'000
The Group	26,443	50,827
The LLP	18,955	45,995

The profit attributable to the member with the largest entitlement, is estimated to be £3 5m (2011 £9 2m)

17 Financial risk management

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

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

Market risk

I Price risk

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

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

II Interest rate risk

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

III Foreign exchange risk

The Group is exposed to foreign exchange risk as the bulk of its liabilities are in sterling but management and performance fees are predominately calculated and paid in foreign currencies.

GENERATION INVESTMENT MANAGEMENT LLP

Notes to the consolidated financial statements (*continued*)

Year ended 31 December 2012

The Group monitors its exposure to currency risk and seeks to minimise its exposure to fluctuations in exchange rates by hedging against foreign currency exposures

Credit risk

Credit risk arises from cash and deposits with banks and financial institutions, as well as credit exposure to clients, including outstanding receivables and committed transactions

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

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

During the year there have been no losses due to the non-payment of receivables or the failure of clients to meet fund commitments and the Group does not expect any losses from the credit counterparties held as at the balance sheet date.

Liquidity risk

Prudent risk management requires the maintenance of sufficient cash balances to ensure the operational expenses of the Group can be met. The Group monitors rolling forecasts of the liquidity reserves on the basis of expected cash flow.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed processes or systems, human factors or external events. To monitor and control operating risk, the Group maintains a system of policies and controls designed to provide a well-controlled operational environment, and to monitor and record any control failures. As part of the monitoring process the LLP prepares an annual assurance report on the internal controls employed by Generation Investment Management LLP, which is reviewed by its auditors. In addition the Group employs external compliance consultants to monitor the Group's regulatory compliance.

Capital risk

The Group's objective when managing capital is to ensure the Group meets its regulatory capital requirements and its ability to continue as a going concern and to maintain an optimal structure to reduce the cost of capital.

Fair value estimation

With effect from 1 January 2009, the Group adopted the amendment to FRS 29 for financial instruments that are measured in the balance sheet at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)

GENERATION INVESTMENT MANAGEMENT LLP

Notes to the consolidated financial statements *(continued)*

Year ended 31 December 2012

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

	Level 1	Level 2	Level 3	Total balance
	£'000	£'000	£'000	£'000
Assets				
Financial assets held at Fair Value through profit or loss				
Equity securities	8,692	247	2,677	11,616
Total assets	8,692	247	2,677	11,616

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument would be included in level 3.

The following table presents the changes in level 3 instruments for the year ended 31 December 2012

	£'000
Opening balance	2,488
Movement in the year	189
Closing balance	2,677

Gains or losses for assets held at the end of the reporting period are included in the profit and loss account.

GENERATION INVESTMENT MANAGEMENT LLP

Notes to the consolidated financial statements (continued)

Year ended 31 December 2012

18 Reconciliation of movement in members' interests for the year to 31 December 2012

The Group

	Members' capital £'000	Foreign exchange reserves £'000	EIBP gift reserve £'000	Other reserves £'000	TOTAL £'000	Amounts due to members £'000	TOTAL 2012 £'000	TOTAL 2011 £'000
Members' interest At 1 January	6,915	268	-	24,346	31,529	10,750	42,279	46,030
Profit for the financial year available for division among members	-	-	-	26,063	26,063	-	26,063	50,576
Members' interest after profit for the year	6,915	268	-	50,409	57,592	10,750	68,342	96,606
Capital withdrawn	-	-	-	-	-	-	-	(306)
Foreign exchange (loss)/gain	-	(658)	-	-	(658)	-	(658)	157
EIBP gift expense	-	-	(380)	380	-	-	-	-
Drawings	-	-	-	(32,605)	(32,605)	-	(32,605)	(53,735)
Amounts due to members	-	-	-	-	-	(9,956)	(9,956)	(443)
Transfer	3,924	-	380	(12,295)	(7,991)	7,991	-	-
Members' interest At 31 December	10,839	(390)	-	5,889	16,338	8,785	25,123	42,279

The LLP

	Members' capital £'000	EIBP gift reserve £'000	Other reserves £'000	TOTAL £'000	Amounts due to members £'000	TOTAL 2012 £'000	TOTAL 2011 £'000
Members' interest At 1 January	8,755	380	13,683	22,818	10,370	33,188	41,438
Profit for the financial year available for division among members	-	-	18,575	18,575	-	18,575	45,745
Members' interest after profit for the year	8,755	380	32,258	41,393	10,370	51,763	87,183
Capital withdrawn	-	-	-	-	-	-	(306)
EIBP gift expense	-	(380)	380	-	-	-	-
Drawings	-	-	(28,184)	(28,184)	-	(28,184)	(52,866)
Amounts due to members	-	-	-	-	(9,832)	(9,832)	(823)
Transfer	4,211	-	(12,202)	(7,991)	7,991	-	-
Members' interest At 31 December	12,966	-	(7,748)	5,218	8,529	13,747	33,188

GENERATION INVESTMENT MANAGEMENT LLP

Notes to the consolidated financial statements (*continued*)

Year ended 31 December 2012

19 Commitments under operating leases

As at 31 December 2012 the Group and LLP had annual commitments under non-cancellable operating leases as follows -

Annual commitments	2012		2011	
	The Group £'000	The LLP £'000	The Group £'000	The LLP £'000
Buildings				
Operating leases which expire				
Within 1 year	-	-	-	-
Within 2 to 5 years	-	-	-	-
After 5 years	3,399	2,733	3,431	2,733
Other operating leases				
Operating leases which expire				
Within 1 year	4	4	-	-
Within 2 to 5 years	-	-	6	6

On 17 December 2007 the LLP entered into an agreement to lease in respect of office space in London. The lease expires on 15 April 2018. The rental payments are £0.8m per annum and commenced 28 January 2009.

On 31 October 2011 the LLP entered into a separate agreement to lease in respect of office space in London. The lease expires on 31 October 2026. The rental payments are £1.9m per annum and are due to commence on 7 April 2014.

Of the rent free period accrual on the above leases an amount of £0.8m relates to 2012.

On 15 April 2008 the US LLP entered into an agreement to lease in respect of office space in New York, USA. The lease became effective from the Commencement Date of 15 March 2009. The lease expires on 28 February 2019. The rent is approximately £0.6m per annum with a review at the end of year five. The above figures are estimated using the sterling/dollar rate at 31 December 2012.