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AKO Capital LLP

Report and Financial Statements

28 February 2011

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COMPANIES HOUSE

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AKO Capital LLP

Registered No OC312612

Members

AKO Capital Management Limited

R Asnani

F Delgado

E Karlsson

I Kryca

T Laxton

N Lilly

J Mulvihill

R Pearce

N Staples

N Tangen

G Thomassen

D Woodburn

M Yates

Auditors

Ernst & Young LLP

1 More London Place

London

SE1 2AF

Bankers

Barclays Bank plc

1 Churchill Place

London

E14 5HP

Registered Office

61 Conduit Street

London

W1S 2GB

Registered No OC312612

Members' report

The members present their report and financial statements for the year ended 28 February 2011

Incorporation and commencement

AKO Capital LLP (the "LLP") was incorporated on 6 April 2005. The LLP was authorised to conduct investment business by the FSA on 14 July 2005. The LLP has changed its year end from 30 November to 28 February effective 28 February 2010 and accordingly these financial statements include comparatives for the 15 month period ended 28 February 2010. Details of the LLP's Pillar 3 disclosures are available at www.akocapital.com

Principal activity

The principal activity of the LLP is to provide investment management services

Results and distributions

The results for the period are shown in the profit and loss account on page 7

Going concern

The LLP has sufficient financial resources and ongoing investment management contracts. It continues to operate profitably and the designated members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Members' profit allocation

Any profits are shared among the members as governed by the Partnership Agreement dated 1 April 2007

Policy for members' drawings, subscriptions and repayments of members' capital

Policies for members' drawings, subscriptions and repayment of members' capital are governed by the Partnership Agreement dated 1 April 2007

During the course of the period members will receive priority distributions of pre-specified amounts which they are entitled to take as drawings in equal monthly instalments. They may also, at the discretion of the board, receive and draw further partial allocations against the profit for the period

Initial capital contributions are required from each member as of the date of their joining the LLP. Except upon the winding up of the LLP or with the prior written consent of the board and where an equal amount is being contemporaneously contributed to the LLP by another member or by a further member and credited to that member's capital contribution account, no members are entitled to the return of any part of their capital whether on their cessation as a member or otherwise

Members

The members of the LLP during the period were as follows

AKO Capital Management Limited
R Asnani (appointed 1 July 2010)
F Delgado
E Karlsson
I Kryca (appointed 1 September 2010)
T Laxton
N Lilly
J Mulvihill
R Pearce
N Staples
N Tangen
G Thomassen

Registered No OC312612

Members' report

Members (continued)

D Woodburn

M Yates

N Tangen and D Woodburn are designated members

Auditors

Ernst & Young LLP have been appointed as auditors of the LLP In accordance with S 485 of the Companies Act 2006 a resolution is to be proposed for the reappointment of Ernst & Young LLP as auditors of the LLP

By order of the members

A handwritten signature in black ink, appearing to read 'D Woodburn', with a long horizontal stroke extending to the right.

David Woodburn
Designated Member

24 May 2011

Statement of Designated Members' responsibilities in respect of the financial statements

The designated members are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the designated members to prepare financial statements for each financial year. Under that law the designated members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the designated members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period. In preparing these 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 company will continue in business.

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

Independent auditor's report

to the members of AKO Capital LLP

We have audited the financial statements of AKO Capital LLP for the year ended 28 February 2011 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and Statement of Cash Flows, and the related notes 1 to 11. 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).

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the limited liability partnership's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the designated members, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Members' report 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 limited liability partnership's affairs as at 28 February 2011 and of its profit 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.

Independent auditors' report

to the members of AKO Capital LLP (continued)

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

Ernst & Young LLP

Deborah Weston (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

25 May 2011

Profit and loss account

for the year ended 28 February 2011

		<i>Year ended 15 months ended</i>	<i>28 February</i>	<i>28 February</i>
		<i>2011</i>	<i>2010</i>	
	<i>Notes</i>	<i>£</i>	<i>£</i>	
Income				
Management and performance fees	2	84,448,031	55,668,802	
Expenses				
Distribution costs		7,318,364	5,644,817	
Expenses reimbursed to AKO Capital Management Limited		2,033,105	2,253,509	
Operating profit	3	75,096,562	47,770,476	
Interest receivable		1,266	10,525	
Interest payable		(1,073)	(1,028)	
Profit or loss for the financial period before members' remuneration and profit shares		75,096,755	47,779,973	
Members' remuneration charged as an expense		(975,645)	(1,043,225)	
Profit or loss for the financial period available for discretionary division among members		74,121,110	46,736,748	

All amounts are in respect of continuing activities

Statement of total recognised gains and losses

There were no recognised gains and losses in the period or previous period other than the profit for the year

Balance sheet

at 28 February 2011

		28 February 2011	28 February 2010
	Notes	£	£
Current assets			
Debtors	5	3,418,282	2,022,007
Cash		6,133,888	3,021,112
		<u>9,552,170</u>	<u>5,043,119</u>
Current liabilities			
Creditors amounts falling due within one year	6	5,542,149	2,687,138
		<u>4,010,021</u>	<u>2,355,981</u>
Net assets attributable to members			
		<u>4,010,021</u>	<u>2,355,981</u>
Represented by			
Equity			
Members' capital	8	958,000	748,000
Other reserves - retained profit	8	3,052,021	1,607,981
		<u>4,010,021</u>	<u>2,355,981</u>
Total members' interests			
	Note	2011 £	2010 £
Loans and other debts due to members	8	5,080,673	2,100,381
Members' other interests	8	4,010,021	2,355,981
Members' total interests	8	<u>9,090,694</u>	<u>4,456,362</u>

The financial statements on pages 7 to 14 were approved by the members on 24 May 2011

For and on behalf of the members



David Woodburn
Designated Member

Statement of cash flows

for the year ended 28 February 2011

	<i>Year ended 15 months ended</i>	
	<i>28 February</i>	<i>28 February</i>
	<i>2011</i>	<i>2010</i>
	<i>Notes</i>	<i>£</i>
Net cash inflow from operating activities	9(a) 73,575,006	47,290,329
Returns on investments and servicing of finance	9(b) 193	9,497
Transactions with members	9(b) (70,462,423)	(47,784,916)
Increase/(decrease) in cash	9(c) 3,112,776	(485,090)

Notes to the financial statements

at 28 February 2011

1. Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards, under the historical cost convention and in accordance with the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' (SORP) issued in March 2010

The LLP has changed its year end from 30 November to 28 February effective 28 February 2010 and accordingly these financial statements include comparatives for the 15 month period ended 28 February 2010

Income, which is stated net of value added tax, represents fees receivable from investment management services. Fee income is recognised when the LLP obtains the right to consideration in exchange for its performance of services

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

Members' participation rights

Non-discretionary amounts that become due to members in respect of participation rights in the profits of the LLP for the financial period and which give rise to liabilities are presented as an expense within the profit and loss account. Amounts becoming due to members in respect of equity participation rights following a discretionary division of profits are debited directly to reserves in the period in which the division occurs

Taxation

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

2. Income

Income is attributable to one activity, the provision of investment management services, and arises from continuing activities in the UK. All turnover in the period arose from the supply of services to the Cayman Islands

3. Operating profit

This is stated after charging

	<i>Year ended 15 months ended</i>	
	<i>28 February</i>	<i>28 February</i>
	<i>2011</i>	<i>2010</i>
	£	£
Auditors' remuneration		
Audit services	—	—
Non audit services	—	—

Costs associated with the audit of AKO Capital LLP of £12,500 (2010 - £12,500) are paid by AKO Capital Management Limited and are included in the financial statements of that company

Notes to the financial statements

at 28 February 2011

4. Members' remuneration

	<i>Year ended 15 months ended</i>	
	<i>28 February</i>	<i>28 February</i>
	<i>2011</i>	<i>2010</i>
	£	£
Profit attributable to member with largest entitlement to profit	50,862,548	33,834,103

For the purpose of the above disclosure entitlements to profits are calculated as the sum of the non discretionary amounts charged in the profit and loss account and the discretionary divisions of profits debited directly to reserves in the period

The average number of members in the period was 13 (2010 - 11)

5. Debtors

	<i>28 February</i>	<i>28 February</i>
	<i>2011</i>	<i>2010</i>
	£	£
Trade debtors	3,256,148	1,925,044
Advances to members	-	55,963
Amounts owed by related parties (see note 7)	161,107	41,000
Other debtors	1,027	-
	<u>3,418,282</u>	<u>2,022,007</u>

6. Creditors: amounts falling due within one year

	<i>28 February</i>	<i>28 February</i>
	<i>2011</i>	<i>2010</i>
	£	£
Loans and other debts due to members		
- advanced by members by way of loan	15,884	15,495
- owed to members in respect of profit allocations	5,064,789	2,140,849
	<u>5,080,673</u>	<u>2,156,344</u>
Amounts owed to related parties (see note 7)	461,476	530,794
	<u>5,542,149</u>	<u>2,687,138</u>

Loans and other debts due to members' are unsecured and would rank equally in relation to other such creditors in the event of a winding up

Notes to the financial statements

at 28 February 2011

7. Balances with related parties

<i>Entity</i>	<i>Incorporated</i>	<i>28 February 2011 £</i>	<i>28 February 2010 £</i>
<i>Amounts receivable</i>			
AKO Capital (Jersey) Limited	Jersey	41,000	41,000
AKO Capital Management Limited	United Kingdom	120,107	-
		<u>161,107</u>	<u>41,000</u>
<i>Amounts payable</i>			
AKO Capital (Jersey) Limited	Jersey	461,476	370,472
AKO Capital Management Limited	United Kingdom	-	160,322
		<u>461,476</u>	<u>530,794</u>

8. Reconciliation of movements in members' other and members' total interests

15 month period ended 28 February 2011

	<i>Members' capital £</i>	<i>Other reserves £</i>	<i>Total members' other interests £</i>	<i>Loans and other debts due to members less advances £</i>	<i>Members' total interests £</i>
At 28 February 2010	748,000	1,607,981	2,355,981	2,100,381	4,456,362
Members' remuneration charged as an expense	-	-	-	975,645	975,645
Profit or loss for the financial period available for discretionary division among members	-	74,121,110	74,121,110	-	74,121,110
Members' interests after profit for the period	748,000	75,729,091	76,477,091	3,076,026	79,553,117
Profit allocations	-	(72,677,070)	(72,677,070)	72,677,070	-
Introduced by members	210,000	-	210,000	-	210,000
Distributions	-	-	-	(70,672,423)	(70,672,423)
At 28 February 2011	<u>958,000</u>	<u>3,052,021</u>	<u>4,010,021</u>	<u>5,080,673</u>	<u>9,090,694</u>

Notes to the financial statements

at 28 February 2011

8. Reconciliation of movements in members' other and members' total interests (continued)

15 month period ended 28 February 2010

	Members' capital	Other reserves	Total members' other interests	Loans and other debts due to members less advances	Members' total interests
	£	£	£	£	£
At 30 November 2008	633,000	2,401,749	3,034,749	1,426,556	4,461,305
Members' remuneration charged as an expense	—	—	—	1,043,225	1,043,225
Profit or loss for the financial period available for discretionary division among members	—	46,736,748	46,736,748	—	46,736,748
Members' interests after profit for the period	633,000	49,138,497	49,771,497	2,469,781	52,241,278
Profit allocations	—	(47,530,516)	(47,530,516)	47,530,516	—
Introduced by members	115,000	—	115,000	—	115,000
Distributions	—	—	—	(47,899,916)	(47,899,916)
At 28 February 2010	748,000	1,607,981	2,355,981	2,100,381	4,456,362

9. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash outflow from operating activities

	Year ended 15 months ended 28 February 2011	Year ended 15 months ended 28 February 2010
	£	£
Operating profit	75,096,562	47,770,476
Increase in debtors	(1,452,238)	(118,311)
Decrease in creditors	(69,318)	(361,836)
	73,575,006	47,290,329

(b) Analysis of cash flows for headings netted in the statement of cash flows

	Year ended 15 months ended 28 February 2011	Year ended 15 months ended 28 February 2010
	£	£
Returns on investments and servicing of finance:		
Interest received	1,266	10,525
Interest paid	(1,073)	(1,028)
	193	9,497

Notes to the financial statements

at 28 February 2011

9. Notes to the statement of cash flows (continued)

(b) Analysis of cash flows for headings netted in the statement of cash flows (continued)

	<i>Year ended 15 months ended</i>	
	<i>28 February</i>	<i>28 February</i>
	<i>2011</i>	<i>2010</i>
	<i>£</i>	<i>£</i>
Transactions with Members:		
Payments to members	(70,672,423)	(47,899,916)
Contributions by members	210,000	115,000
	<u>(70,462,423)</u>	<u>(47,784,916)</u>

(c) Analysis of changes in net funds

	<i>At</i>		<i>At</i>
	<i>28 February</i>	<i>Cash</i>	<i>28 February</i>
	<i>2010</i>	<i>flows</i>	<i>2011</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Cash at bank	3,021,112	3,112,776	6,133,888

10. Related parties

AKO Capital Management Limited is a member of the LLP. During the period the LLP reimbursed AKO Capital Management Limited £2,033,105 (2010 - £2,253,509) for expenses it had incurred on behalf of the LLP.

Expenses include £7,318,364 (2010 - £5,644,817) of marketing and distribution fees paid to AKO Capital (Jersey) Limited, which is a related party and the parent undertaking of AKO Capital Management Limited.

Amounts owed to and by these related parties are shown in note 7 above.

11. Ultimate controlling party

N Tangen is the ultimate controlling party.