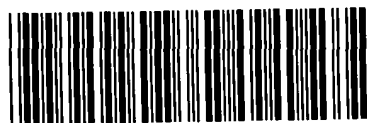


AKO Capital LLP

Report and Financial Statements

For the year ended 29 February 2020

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COMPANIES HOUSE

AKO Capital LLP

Registered No: OC312612

Members' report

Members

AKO Capital Management Limited
KAO Corporate Limited
M Ancupova
J Beaver
F Colussi
N Dawson
F Delgado
A Dubin
T Eide
P Hargreaves
M Henwood
E Hoyle
P Leach
M Luciano
A Lund
S Meldrum
M Monnelly
J Mulvihill
J O'Driscoll
S Rabel
S Ranu
C Reinecke
J Sonnerhed
N Staples
N Tangen
G Thomassen
A Tierney
P Towler
F Walding
D Woodburn
M Yates

Auditor

Ernst & Young LLP
25 Churchill Place
London
E14 5EY

Bankers

Svenska Handelsbanken AB
Mayfair Branch
35 Hay's Mews
London, W1J 5PY

Registered Office

61 Conduit Street
London
W1S 2GB

Registered No: OC312612

Members' report

The members present their report and the audited financial statements for the year ended 29 February 2020.

Incorporation and commencement

AKO Capital LLP (the "LLP") was incorporated on 6 April 2005. The LLP was authorised to conduct investment business by the FCA on 14 July 2005.

Details of the LLP's Pillar 3 and UK Stewardship Code disclosures are available at www.akocapital.com.

Principal activity

The principal activity of the LLP is to provide investment management services to clients based in the Cayman Islands and Ireland. There have been no significant changes in this respect since the last annual report and no significant changes are anticipated in the foreseeable future.

Results and distributions

The results for the year are shown in the statement of comprehensive income on page 8.

Going concern

The members have considered going concern issues in light of the recent coronavirus outbreak. 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. See Note 1 for further discussion.

Members' profit allocation

Profits for the year were shared among the members as governed by the Partnership Agreement dated 22 May 2017.

Brexit

The members have considered the present impact of Brexit as understood to the business and do not expect any significant impact to the LLP.

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.

During the course of the year 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 year.

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 year were as follows:

AKO Capital Management Limited
KAO Corporate Limited
M Ancupova

AKO Capital LLP

Registered No: OC312612

Members' report

Members (continued)

J Beaver
L Carr (resigned 31 May 2019)
F Colussi
N Dawson
F Delgado
A Dubin
T Eide
P Hargreaves
M Henwood
E Hoyle
P Leach
S Meldrum
M Luciano
M Monnelly
J Mulvihill
J O'Driscoll
S Rabel
S Ranu
C Reinecke
J Sonnerhed
N Staples
N Tangen
G Thomassen
A Tierney
P Towler
F Walding
D Woodburn
M Yates

N Tangen and S Rabel were designated members for the year ended 29 February 2020.

Auditor

Ernst & Young LLP have been appointed as auditor 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 auditor of the LLP.

By order of the members



Stephen Rabel
Designated Member
19 June 2020

Statement of members' responsibilities

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

Legislation applicable to limited liability partnerships (Companies Act 2006 as modified by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) requires the members to prepare financial statements for each financial year. Under that law the Designated Members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' and applicable law). Under this legislation the Designated Members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that year. In preparing those financial statements, the Designated Members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 LLP will continue in business.

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

Independent auditor's report

to the members of AKO Capital LLP

Opinion

We have audited the financial statements of AKO Capital LLP for the year ended 29 February 2020 which comprise the Statement of comprehensive income, the Statement of movement in members' interests, the Statement of financial position, the Statement of cash flows, and the related notes 1 to 13, including a summary of significant accounting policies. 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), including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland.

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the limited liability partnership's affairs as at 29 February 2020 and of its profit for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; including FRS 102 'The Financial Reporting Standard applicable to 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.

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 below. We are independent of the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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.

Emphasis of Matter – Impact of COVID-19

We draw attention to Notes 1 and 12 of the financial statements, which describes the economic disruption the limited liability partnership is facing as a result of COVID-19, which is impacting financial markets and personnel available for work and or being able to access offices. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the limited liability partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditor's report

to the members of AKO Capital LLP (continued)

Other information

The other information comprises the information included in the annual report set out on pages 1 to 3, other than the financial statements and our auditor's report thereon. The members are responsible for the other information

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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

Responsibilities of members

As explained more fully in the Members' Responsibilities Statement 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, 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 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 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.

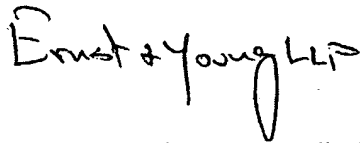
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Independent auditor's report

to the members of AKO Capital LLP (continued)

Use of our report

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 to Limited Liability Partnerships. 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 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.

A handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, flowing style.

Ahmer Huda (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
19 June 2020

Statement of comprehensive income

for the year ended 29 February 2020

	Notes	2020 £	2019 £
Income			
Management and performance fees	2	385,476,364	194,927,606
Other Income	2	802,277	650,632
Expenses			
Other Costs		(60)	(61,425)
Research		(791,330)	(644,906)
Expenses reimbursed to AKO Capital Management Limited		(6,536,606)	(5,496,727)
Operation profit and profit on ordinary activities before Investment income and interest			
	3	378,950,645	189,375,180
Fair value gains in investments		1,750,670	1,909,894
Interest receivable		160,767	151,740
Interest payable		(3,116)	(2,257)
Profit for the financial year before members' Remuneration and profit shares			
		380,858,966	191,434,557
Members' remuneration charges as an expense		(3,528,792)	(3,539,524)
Profit for the financial year available for Discretionary division among members and Total comprehensive income for the year			
		377,320,174	187,897,033

All of the above results are derived from continuing activities. There were no other recognised gains and losses other than those stated above.

The notes on pages 13 to 19 form an integral part of these financial statements.

Statement of movements in members' interests

for the year ended 29 February 2020

Year ended 29 February 2020

	<i>Members' capital</i>	<i>Other reserves</i>	<i>Total members' Other interests</i>	<i>Loans and Other debts Due to Members less advance</i>	<i>Members' total interests</i>
	£	£	£	£	£
<i>At 28 February 2019</i>	1,473,000	138,194,381	139,667,381	11,502	139,678,883
Members' remuneration charged as an expense	-	-	-	3,538,792	3,538,792
Profit or loss for the financial year available for discretionary division among members	-	377,320,174	377,320,174	-	377,320,174
Members' interests after					
Profit for the year	1,473,000	515,514,555	516,987,555	3,550,294	520,537,849
Profit allocations	-	(263,641,803)	(263,641,803)	263,641,803	-
Introduced by members	(5,000)	-	(5,000)	-	(5,000)
Other movements (see Note 1(f))	-	(17,193,859)	(17,193,859)	-	(17,193,859)
Distributions	-	-	-	(267,203,406)	(267,203,406)
At 29 February 2020	1,468,000	234,678,893	236,146,893	(11,309)	263,135,584

Statement of movements in members' interests

for the year ended 29 February 2020

Year ended 28 February 2019

	<i>Members' capital</i>	<i>Other reserves</i>	<i>Total members' Other interests</i>	<i>Loans and Other debts Due to Members less advance</i>	<i>Members' total interests</i>
	£	£	£	£	£
<i>At 28 February 2018</i>	1,468,000	150,620,00	152,088,000	(30,381)	152,057,619
Members' remuneration charged as an expense	-	-	-	3,539,524	3,539,524
Profit or loss for the financial year available for discretionary division among members	-	187,895,033	187,895,033	-	187,895,033
Members' interests after					
Profit for the year	1,468,000	338,515,033	339,983,033	3,509,143	343,492,176
Profit allocations	-	(172,911,606)	(172,911,606)	172,911,606	-
Introduced by members	5,000	-	5,000	-	5,000
Other movements (see Note 1(f))	-	(27,409,046)	(27,409,406)	-	(27,409,406)
Distributions	-	-	-	(176,409,247)	(176,409,247)
At 29 February 2019	1,473,000	138,194,381	139,667,381	11,502	139,678,883

The notes on pages 13 to 19 form an integral part of these financial statements.

Statement of financial position

for the year ended 29 February 2020

	Notes	2020 £	2019 £
<i>Investments -- Unquoted investments</i>	5	84,022,857	52,370,101
<i>Current assets</i>			
Debtors	6	57,264,171	30,572,160
Cash	7	95,240,721	56,867,567
		<u>236,527,749</u>	<u>139,809,828</u>
<i>Current liabilities</i>			
<i>Creditors: amounts falling due within one year</i>	8	(380,856)	(142,447)
<i>Net assets attributable to members</i>		<u>236,146,893</u>	<u>139,667,381</u>
 <i>Total members' interests</i>			
		2020 £	2019 £
Loans and other debts (due to) from members less advance		(11,309)	11,502
Members' other interests		236,146,893	139,667,381
Members' total interests		<u>236,135,584</u>	<u>139,678,883</u>

The financial statements on pages 8 to 19 were approved by the members on 19 June 2020 and signed on their behalf by



Stephen Rabel
Designated Member

The notes on pages 13 to 19 form an integral part of these financial statements.

Statement of cash flows

for the year ended 29 February 2020

	Notes	2020 £	2019 £
Net cash inflow from operating activities	10(a)	352,895,533	175,853,288
Investing activities			
Interest received	10(b)	157,651	149,483
Purchase of Investments		(49,598,688)	(19,991,999)
Net cash flow from investing activities		(49,441,037)	(19,842,516)
Financing activities			
Members distributions	10(b)	(247,506,804)	(155,161,671)
Members' capital contributed		-	10,000
Members' capital returned		(5,000)	(5,000)
Payments of members taxation		(17,569,538)	(30,722,369)
Net cash flow from financing activities		(265,081,342)	(185,879,040)
Increase in cash	10(c)	38,373,154	(29,868,268)
Cash at beginning of year		56,867,567	86,735,835
Cash equivalents at the end of year		<u>95,240,721</u>	<u>56,867,567</u>

The notes on pages 13 to 19 form an integral part of these financial statements.

Notes to the financial statements

at 29 February 2020

1. Accounting policies

(a) Statement of compliance

AKO Capital LLP is a limited liability partnership incorporated in England and Wales. The registered office of the LLP is 61 Conduit Street, London W1S 2GB.

The LLP's financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102") as it applies to these financial statements for the year ending 29 February 2020 and 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 and the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" (SORP) issued in January 2017.

(b) Basis of accounting

The financial statements have been prepared on a going concern basis and under the historical cost convention as modified by the revaluation of investments and in accordance with applicable UK accounting standards and the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' issued in January 2017.

(c) Going concern

On January 30, 2020, the World Health Organization declared the outbreak of coronavirus ("COVID-19") to be a public health emergency of international concern. This coronavirus outbreak has severely restricted the level of economic activity around the world. In response to this coronavirus outbreak, the governments of many countries, states, cities and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes.

The full extent to which the COVID-19 pandemic may impact the LLP's results, operations or liquidity is uncertain. Management continues to monitor the impact that the COVID-19 pandemic has on the LLP, the asset management industry and the economies in which the LLP operates. Management has performed a COVID -19 impact analysis as part of their going concern assessment using information available to the date of issue of these financial statements. The analysis has modelled a number of adverse scenarios to assess the potential impact that COVID-19 may have on LLP's operations, liquidity, solvency and regulatory capital position as well as a reverse stress test to assess the stresses the balance sheet has to endure before there is a breach of the relevant regulatory capital requirement and including an assessment of any relevant mitigations management have within their control to implement.

As part of the going concern assessment management has considered actual, notified and expected subscriptions and redemptions by investors in the Funds, budgeted costs and revenues and current and expected levels of capital.

The most likely expected financial impact is in respect of the company's future management fee income as this is calculated based on a percentage of assets under management and this has not fallen since the year end as assets under management have remained stable. It is not possible to quantify the overall impact of Covid-19 as financial markets continue to react to developments and management have a number of actions that there are able to take to protect profitability and solvency.

Having performed this analysis management believes regulatory capital requirements continue to be met and have sufficient liquidity to meet its liabilities for the for the next 12 months and that the preparation of the financial statements on a going concern basis remains appropriate as the company expects to be able to meet its obligations as and when they fall due for the foreseeable future.

Notes to the financial statements

at 29 February 2020

(d) Turnover

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.

(e) Foreign currencies

The functional and presentation currency is GBP. Monetary assets and liabilities denominated 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 statement of comprehensive income.

(f) 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 year 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 year in which the division occurs.

(g) Taxation

AKO Capital LLP's operates the AKO Member Incentivisation and Retention Plan in accordance with the remuneration requirements of the Alternative Investment Fund Manager Directive ("AIFMD"). Tax paid by AKO Capital LLP, in its capacity as the representative AIFM partner, on relevant restricted profits arising under this plan is offset against other reserves to the extent it is allocated to individual members. Tax paid in advance as a payment on account is included as an amount receivable.

Otherwise no provision has been made for taxation in the financial statements as 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.

(h) Expenses

Expenses are recognised on an accrual basis.

(i) Financial instruments

The LLP has chosen to adopt Section 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised in the Statement of financial position when the LLP becomes a party to the contractual provisions of the instrument.

(i) *Trade receivables*

Trade receivables are measured at fair value on initial recognition. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

(ii) *Investments*

Investments are recognised initially at fair value which is normally the transaction price (but excludes any transaction costs, where the investment is subsequently measured at fair value through profit and loss). Subsequently they are measured at fair value through profit or loss. Gains and losses on equity investments arising from changes in fair value and foreign exchange rates are included in the Statement of Comprehensive Income for the year.

Notes to the financial statements

at 29 February 2020

1. Accounting policies (continued)

(iii) Cash

Cash in the Statement of financial position comprise cash at banks and in hand

(iv) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the Financial Statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

(j) Key judgements and estimates

In applying the LLP's accounting policies, the members may be required to make judgements and estimates that could impact the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year.

The members consider the classification of member's remuneration as discretionary or fixed remuneration as being the significant accounting judgements made during the year:

The members' estimates are based on the evidence available at the time; including historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such estimates, the actual results and outcomes may differ. Estimates are reviewed on an on-going basis and revisions to accounting estimates are recognised in the year in which the estimate is revised.

The members are not aware of any significant sources of estimation uncertainty in the preparation of the financial statements.

2. Income

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

In light of the implementation of MiFID II, which went into effect from January 3, 2018 and its provisions for the unbundling of payment for commissions and research, the LLP as the investment manager receives payments from the AKO fund entities to be used for the provision of research. Amounts received and used to pay research are included in income and expenses. Any balance not used for research is repayable to the funds and any balance at the balance sheet date is included in creditors.

3. Operating profit

Costs associated with the audit of AKO Capital LLP of £15,250 (2019 - £15,250) are paid by AKO Capital Management Limited and are included in the financial statements of that company.

4. Members' remuneration

	2020 £	2019 £
Profit attributable to member with largest entitlement to profit	<u>180,856,215</u>	<u>121,319,014</u>

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, the discretionary divisions of profits debited directly to reserves in the year and any distributions made under the AKO Member Incentivisation and Retention Plan. The average number of members in the year was 31 (2019 - 31).

Notes to the financial statements

at 29 February 2020

5. Investments

	2020 £	2019 £
Balance at start of year	52,370,101	51,715,784
Additions	49,598,688	19,991,999
Disposals	(19,696,602)	(21,247,576)
Fair value gains	1,750,670	1,909,894
Balance at end of year	<u>84,022,857</u>	<u>52,370,101</u>

Investments comprise:	2020 £	2019 £
Investment in AKO Fund Limited – USD shares	39,600,851	25,141,806
Investment in AKO Fund Limited – Euro shares	37,302,725	24,079,486
Investment in AKO Global Fund – USD shares	2,396,170	956,916
Investment in AKO Global Fund – Euro shares	2,280,312	913,315
Investment in AKO Global UCITS Fund – USD shares	1,253,276	652,239
Investment in AKO Global UCITS Fund – Euro shares	1,189,523	626,339
	<u>84,022,857</u>	<u>52,370,101</u>

All investments held by the LLP in funds are designated as financial assets measured at fair value through profit or loss. Gains and losses arising from changes in fair value of £1,750,670 (2019 £1,909,894) are included in the Statement of comprehensive income.

Per FRS 102 an entity shall use the following hierarchy to estimate the fair value of the shares as at the reporting date:

- Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

In accordance with the aforementioned fair value hierarchy, the investments listed below have been designated level 2 financial instruments.

Sensitivity to risks

Market risk

The LLP is exposed to market risk through its investments in the AKO fund entities as the value of those funds is inherently affected by movements in the underlying financial markets in which those funds invest. However the AKO fund entities are of an absolute return nature and so changes in their Net Asset Value should not be directly related to these market movements. The impact on the statement of financial position of a 5% fall in the Net Asset Values of the funds would be a £4,200,000 (2019 - £3,270,000) fall in the value of these investments.

Notes to the financial statements

at 29 February 2020

5. Investments (continued)

Foreign exchange risk

The fair value of investments includes a portion denominated in foreign currencies. At 29 February 2020 the sensitivity of the profit for the financial year to a 2% movement in the exchange rate of the British Pound against the US Dollar and Euro was, respectively, £865,000 and £815,000 (2019 - £710,000 and £598,000).

Liquidity risk

The investments in the AKO Fund Limited are redeemable at Net Asset Value on the quarterly dealing days with 90 days' notice. The investments in the AKO Global Fund Limited are redeemable at Net Asset Value on the monthly dealing days with one month's notice. The investments in the AKO Global UCITS Fund are redeemable at Net Asset Value on the weekly dealing days with one day's notice.

Credit risk

The credit risk relating to investments arises from the default of a counterparty, with a maximum exposure equal to the carrying amount of these investments. The directors do not believe there is significant credit risk as:

- all funds are managed by the LLP and are liquid investments;
- none of the LLP's debtors are either past due or impaired; and
- cash is held with Svenska Handelsbanken AB, whose credit rating is Aa2 (Moody's) / AA- (S&P).

6. Debtors

	2020 £	2019 £
Trade debtors	12,654,862	10,273,556
Amounts owed by related parties (see note 9)	334,821	422,606
Advances to members	11,309	(11,502)
Term Deposit (maturing 14 April 2020)	11,000,000	11,000,000
Term Deposit (maturing 16 September 2020)	24,000,000	11,000,000
Tax paid in advance on behalf of members	9,263,179	8,887,500
	<u>57,264,171</u>	<u>30,572,160</u>

7. Cash

	2020 £	2019 £
Cash on Hand	95,240,721	56,867,567
	<u>95,240,721</u>	<u>56,867,567</u>

8. Creditors: amounts falling due within one year

	2020 £	2019 £
VAT	(18,881)	(10,805)
Accrued Expenses	399,737	153,252
	<u>380,856</u>	<u>142,447</u>

Notes to the financial statements

at 29 February 2020

9. Balances with related parties

<i>Entity</i>	<i>Incorporated</i>	<i>2020</i> £	<i>2019</i> £
<i>Amounts receivable</i>			
AKO Capital Management Limited	United Kingdom	<u>334,821</u>	<u>422,606</u>

10. Notes to the statement of cash flows

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

	<i>2020</i> £	<i>2019</i> £
Operation profit	378,950,645	189,375,180
(Increase) in debtors	(26,293,521)	(13,334,881)
Increase/(Decrease) in creditors	238,409	(187,011)
	<u>352,895,533</u>	<u>175,853,288</u>

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

	<i>2020</i> £	<i>2019</i> £
Returns on investments and servicing of finance:		
Interest received	160,767	151,740
Interest paid	(3,116)	(2,257)
	<u>157,651</u>	<u>149,483</u>

	<i>2020</i> £	<i>2019</i> £
Transactions with Member:		
Payments to members - distributions	(220,677,377)	(120,676,053)
Payments to members – distributions of previously retained amounts	(26,829,427)	(34,485,618)
	(5,000)	(5,000)
Contributions by members - capital	<u>247,511,804</u>	<u>155,156,671</u>

(c) Analysis of changes in net funds

	<i>At</i> <i>28 February</i> <i>2019</i> £	<i>Cash</i> <i>flows</i> £	<i>At</i> <i>29 February</i> <i>2020</i> £
Cash at bank	<u>56,867,567</u>	<u>38,373,154</u>	<u>95,240,721</u>

Notes to the financial statements

at 29 February 2020

11. Related parties

AKO Capital Management Limited is a member of the LLP. During the year the LLP reimbursed AKO Capital Management Limited £6,536,606 (2018 - £5,496,727) in respect of expenses it had incurred on behalf of the LLP.

Amounts owed to and by these related parties are shown in note 8 above.

The investments shown in note 5 are in the fund entities of which the LLP is the investment manager.

During the year cash of £26,823,011 and shares in the AKO Fund Limited with a historic cost of £19,696,602 were distributed to Members under a revised AKO Member Incentivisation and Retention Plan which was introduced as of 1 March 2014 to comply with the requirements of the Alternative Investment Fund Managers Directive.

12. Subsequent events

In April and May 2020 total cash of £50,341,668 and shares in the AKO Fund Limited with a historic cost of £33,294,022 were distributed to Members under the AKO Member Incentivisation and Retention Plan which was introduced as of 1 March 2015 to comply with the requirements of the Alternative Investment Fund Managers Directive.

COVID-19 is considered to be a non-adjusting post balance sheet event and as such no adjustments have been made to the valuation of assets and liabilities as at 29 February 2020. For further discussion concerning the management assessment of COVID 19 impact on the LLP refer to Note 1.

13. Ultimate controlling party

N Tangen is the ultimate controlling party.