

AKO Capital LLP

Report and Financial Statements

For the year ended 28 February 2021

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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

G Thomassen

A Tierney

P Towler

F Walding

D Woodburn

M Yates

W Spain

C Poalazzi

F Xu

AKO Subsidiary 2020 Limited

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 28 February 2021.

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 9.

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 1 December 2020.

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.

Energy & Carbon Report

The members have implemented projects and strategies to ensure that we are improving our environmental impact from our operations.

This has been achieved through undertaking several projects that have assisted with reducing our energy consumption including:

- Lighting upgraded for all areas of office to efficient LEDs with occupancy-based motion sensors
- Undertaking an energy audit to review consumption and opportunities for improvement
- Investigating and using efficient appliances and equipment in our operations including computers and servers.

AKO Capital does not have any applicable transport emissions.

Reporting for the period October 2018 to September 2019 is included below

AKO Capital LLP

Registered No: OC312612

Members' report

Area	Consumption (kWh)	Carbon Emissions (kg/C02e)	Intensity Ratio
Electricity	163876	41,887.7	71.57kg C02e/m2
Gas	108773	19,997.9	34.17kg C02e/m2

Carbon emissions have been calculated based on Defra 2019 Carbon Factors.

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
AKO Foundation (appointed 1 December 2020, resigned 2 December 2020)
AKO Subsidiary 2020 Limited (appointed 2 December 2020)
KAO Corporate Limited
M Ancupova
J Beaver
L Carr (resigned 31 May 2019)
F Colussi
N Dawson
F Delgado
DSHN Philanthropy LLP (appointed 1 July 2020, resigned 30 November 2020)
A Dubin
T Eide
P Hargreaves
M Henwood
E Hoyle
P Leach
S Meldrum
M Luciano
M Monnelly
J Mulvihill
J O'Driscoll
C Poalazzi (appointed 1 January 2021)
S Rabel
S Ranu
C Reinecke
J Sonnerhed
W Spain (appointed 1 January 2021)
N Staples
N Tangen (resigned 1 July 2020)

AKO Capital LLP

Registered No: OC312612

Members' report

Members (continued)

G Thomassen

A Tierney

P Towler

F Walding

D Woodburn

F Xu (appointed 1 January 2021)

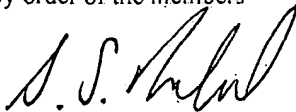
M Yates

A Dubin, N Tangen and S Rabel were designated members for the year ended 28 February 2021.

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

15 June 2021

Statement of members' responsibilities

The members are responsible for preparing the members' report and the financial statements in accordance with applicable United Kingdom 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 in accordance with Section 10 of FRS 102 and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- 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 appropriate to presume that the LLP will not 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.

Under applicable law and regulations, the members are also responsible for preparing a members' report that comply with that law and those regulations. The members are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

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 28 February 2021 which comprise the Statement of comprehensive income, the Statement of movements in members' interest, 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, including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland ("FRS 102")'.

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 2021 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; 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.

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the limited liability partnership's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The members are responsible for the other information contained within the annual report.

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

Independent auditor's report

to the members of AKO Capital LLP (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of 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 5, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Independent auditor's report

to the members of AKO Capital LLP (continued)

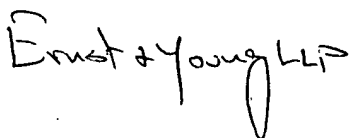
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the limited liability partnership and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006 as applied to limited liability partnerships). In addition, the limited liability partnership is required to comply with relevant Financial Conduct Authority ("FCA") rules and regulations relating to its operations.
- We understood how AKO Capital LLP is complying with those frameworks by making enquiries of senior management, including those charged with governance. We corroborated our understanding through our review of board meeting minutes and correspondence with the FCA.
- We assessed the susceptibility of the limited liability partnership's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We also considered performance targets and their potential influence on efforts made by management to manage or influence the results. We considered the controls that the limited liability partnership has established to address risks identified, or that otherwise prevent, deter and detect fraud, including in a remote-working environment; and how senior management monitors these controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved: journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business; enquiries of senior management, and review of the breaches and complaints register.
- The limited liability partnership is a regulated investment manager under the supervision of the FCA. As such, the Senior statutory auditor reviewed the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities to conduct the audit.

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.

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.



Ahmer Huda (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

15 June 2021

Statement of comprehensive income

for the year ended 28 February 2021

	Notes	2021 £	2020 £
Income			
Management and performance fees	2	391,897,688	385,476,364
Other Income	2	845,791	802,277
Expenses			
Other Costs		-	(60)
Research		(831,640)	(791,330)
Expenses reimbursed to AKO Capital Management Limited		(6,928,737)	(6,536,606)
Operation profit and profit on ordinary activities before Investment income and interest	3	384,983,102	378,950,645
Fair value (loss) gains in investments		(5,760,191)	1,750,670
Interest receivable		90,964	160,767
Interest payable		(3,446)	(3,116)
Profit for the financial year before members' Remuneration and profit shares		379,310,429	380,858,966
Members' remuneration charges as an expense		(3,445,083)	(3,528,792)
Profit for the financial year available for Discretionary division among members and Total comprehensive income for the year		375,865,346	377,320,174

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 14 to 20 form an integral part of these financial statements.

Statement of movements in members' interests

for the year ended 28 February 2021

Year ended 28 February 2021

	<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 29 February 2020</i>	1,468,000	234,678,893	236,146,893	(11,309)	263,135,584
Members' remuneration charged as an expense	-	-	-	3,445,083	3,445,083
Profit or loss for the financial year available for discretionary division among members	-	375,865,346	375,865,346	-	375,865,346
Members' interests after					
Profit for the year	1,468,000	610,544,239	612,012,239	3,433,774	615,446,013
Profit allocations	-	(454,907,417)	(454,907,417)	454,907,417	-
Introduced by members	15,000	-	15,000	-	15,000
Other movements (see Note 1(f))	-	(40,945,024)	(40,945,024)	-	(40,945,024)
Distributions	-	-	-	(458,704,066)	(458,704,066)
At 28 February 2021	1,483,000	114,691,798	116,174,798	(362,875)	115,811,923

The notes on pages 14 to 20 form an integral part of these financial statements.

Statement of movements in members' interests

for the year ended 28 February 2021

Year ended 29 February 2020

				<i>Loans and Other debts</i>	
	<i>Members'</i>	<i>Other</i>	<i>Total members'</i>	<i>Due to</i>	<i>Members'</i>
	<i>capital</i>	<i>reserves</i>	<i>interests</i>	<i>Members less</i>	<i>total interests</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>advance</i>	<i>£</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

The notes on pages 14 to 20 form an integral part of these financial statements.

Statement of financial position

for the year ended 28 February 2021

	Notes	2021 £	2020 £
<i>Investments – Unquoted investments</i>	5	32,749,076	84,022,857
<i>Current assets</i>			
Debtors	6	23,406,323	57,283,052
Cash	7	60,188,561	95,240,721
		<u>116,343,960</u>	<u>236,546,630</u>
<i>Current liabilities</i>			
<i>Creditors: amounts falling due within one year</i>	8	(169,162)	(399,737)
<i>Net assets attributable to members</i>		<u>116,174,798</u>	<u>236,146,893</u>
 <i>Total members' interests</i>			
		2021 £	2020 £
Loans and other debts (due to)/from members less advance		(362,875)	(11,309)
Members' other interests		116,174,798	236,146,893
Members' total interests		<u>115,811,923</u>	<u>236,135,584</u>

The financial statements on pages 9 to 20 were approved by the members on 15 June 2021 and signed on their behalf by



Stephen Rabel
Designated Member

The notes on pages 14 to 20 form an integral part of these financial statements.

Statement of cash flows

for the year ended 28 February 2021

	Notes	2021 £	2020 £
Net cash inflow from operating activities	10(a)	418,629,256	352,895,533
Investing activities			
Interest received	10(b)	87,518	157,651
Purchase of Investments		(19,130,136)	(49,598,688)
Net cash flow from investing activities		(19,042,618)	(49,441,037)
Financing activities			
Members distributions	10(b)	(393,708,774)	(247,506,804)
Members' capital contributed		1,318,000	-
Members' capital returned		(1,303,000)	(5,000)
Payments of members taxation		(40,945,024)	(17,569,538)
Net cash flow from financing activities		(434,638,798)	(265,081,342)
(Decrease)/Increase in cash	10(c)	(35,052,160)	38,373,154
Cash at beginning of year		95,240,721	56,867,567
Cash equivalents at the end of year		<u>60,188,561</u>	<u>95,240,721</u>

The notes on pages 14 to 20 form an integral part of these financial statements.

Notes to the financial statements

at 28 February 2021

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 28 February 2021 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.

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.

There has been no material impact on the company's 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.

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 from the date of approval of the financial statements 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 28 February 2021

(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 28 February 2021

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 (2020 - £15,250) are paid by AKO Capital Management Limited and are included in the financial statements of that company.

4. Members' remuneration

	2021	2020
	£	£
Profit attributable to member with largest entitlement to profit	130,150,046	180,856,215

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 (2020 - 31).

Notes to the financial statements

at 28 February 2021

5. Investments

	2021 £	2020 £
Balance at start of year	84,022,857	52,370,101
Additions	19,130,136	49,598,688
Disposals	(64,643,726)	(19,696,602)
Fair value (loss)/gain	(5,760,191)	1,750,670
Balance at end of year	<u>32,749,076</u>	<u>84,022,857</u>

Investments comprise:	2021 £	2020 £
Investment in AKO Fund Limited – USD shares	10,784,148	39,600,851
Investment in AKO Fund Limited – Euro shares	10,954,213	37,302,725
Investment in AKO Global Fund – USD shares	3,685,193	2,396,170
Investment in AKO Global Fund – Euro shares	3,727,766	2,280,312
Investment in AKO Global UCITS Fund – USD shares	1,790,080	1,253,276
Investment in AKO Global UCITS Fund – Euro shares	1,807,676	1,189,523
	<u>32,749,076</u>	<u>84,022,857</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 £(5,760,191) (2020 - gains of £1,750,670) 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 £1,637,454 (2020 - £4,200,000) fall in the value of these investments.

Notes to the financial statements

at 28 February 2021

5. Investments (continued)

Foreign exchange risk

The fair value of investments includes a portion denominated in foreign currencies. At 28 February 2021 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, £325,000 and £330,000 (2020 - £865,000 and £815,000).

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

	2021 £	2020 £
Trade debtors	13,581,222	12,654,862
VAT	28,200	18,881
Loan	873,525	-
Amounts owed by related parties (see note 9)	912,742	334,821
Advances to members	362,875	11,309
Term Deposit (maturing 14 April 2020)	-	11,000,000
Term Deposit (maturing 16 September 2020)	-	24,000,000
Tax paid in advance on behalf of members	7,647,759	9,263,179
	<u>23,406,323</u>	<u>57,283,052</u>

7. Cash

	2021 £	2020 £
Cash on Hand	60,188,561	95,240,721
	<u>60,188,561</u>	<u>95,240,721</u>

Notes to the financial statements

at 28 February 2021

8. Creditors: amounts falling due within one year

	2021 £	2020 £
Accrued Expenses	169,162	399,737
	<u>169,162</u>	<u>399,737</u>

9. Balances with related parties

Entity	Incorporated	2021 £	2020 £
<i>Amounts receivable</i>			
AKO Capital Management Limited	United Kingdom	<u>912,742</u>	<u>334,821</u>

10. Notes to the statement of cash flows

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

	2021 £	2020 £
Operating profit	384,983,102	378,950,645
Decrease/(Increase) in debtors	33,876,729	(26,293,521)
(Decrease)/Increase in creditors	(230,575)	238,409
	<u>418,629,256</u>	<u>352,895,533</u>

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

	2021 £	2020 £
Returns on investments and servicing of finance:		
Interest received	90,964	160,767
Interest paid	(3,446)	(3,116)
	<u>87,518</u>	<u>157,651</u>

	2021 £	2020 £
Transactions with Member:		
Payments to members - distributions	(321,759,080)	(220,677,377)
Payments to members – distributions of previously retained amounts	(71,949,694)	(26,829,427)
	<u>(393,708,774)</u>	<u>(247,506,804)</u>

Notes to the financial statements

at 28 February 2021

(c) Analysis of changes in net funds

	<i>At</i> <i>29 February</i> <i>2020</i> <i>£</i>	<i>Cash</i> <i>flows</i> <i>£</i>	<i>At</i> <i>28 February</i> <i>2021</i> <i>£</i>
Cash at bank	95,240,721	(35,052,160)	61,188,561

11. Related parties

AKO Capital Management Limited is a member of the LLP. During the year the LLP reimbursed AKO Capital Management Limited £6,928,737 (2020 - £6,536,606) in respect of expenses it had incurred on behalf of the LLP.

Amounts owed to and by these related parties are shown in note 9 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 £71,933,077 and shares in the AKO Funds with a historic cost of £64,643,726 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 2021 total cash of £29,633,310 and shares in the AKO Fund Limited with a historic cost of £27,888,441 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 28 February 2021. For further discussion concerning the management assessment of COVID 19 impact on the LLP refer to Note 1.

13. Ultimate controlling party

There is no ultimate controlling party.