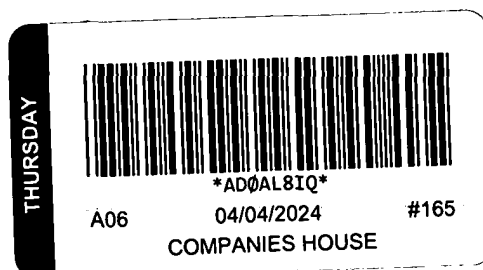


**Federated Hermes (UK) LLP**

**Members' report and financial  
statements**

For the year ended 31 December 2023

Registered number: OC327292 (England  
and Wales)



Federated Hermes (UK) LLP

**Contents**

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	Page
Limited liability partnership information	1
Members' report	2
Independent auditor's report	5
Statement of comprehensive income	8
Statement of financial position	9
Statement of members' interests	10
Notes to the financial statements	11

Federated Hermes (UK) LLP

**Limited liability partnership information**

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**Designated Members**

Federated Holdings (UK) Limited (ceased designated member 1 January 2024)

Federated Hermes Limited (effective designated member 1 January 2024)

Federated Global Holdings LLC

**Registered number**

OC327292 (England and Wales)

**Registered office**

5<sup>th</sup> Floor  
One New Change  
London  
EC4M 9AF

**Principal place of business**

150 Cheapside  
London  
EC2V 6ET

**Independent auditor**

Ernst & Young LLP  
25 Churchill Place  
Canary Wharf  
London  
E14 5EY

**Bankers**

Citibank  
Citigroup Centre  
33 Canada Square  
Canary Wharf  
London  
E14 5LB

**Federated Hermes (UK) LLP**  
**Members' report**

For the year ended 31 December 2023

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The members present their Members' report and the audited financial statements for Federated Hermes (UK) LLP (the LLP) for the year ended 31 December 2023.

**Principal activities and review of the business**

The principal activity of the LLP is the provision of investment management services. The LLP expects to continue as an investment manager for the foreseeable future.

The LLP earned management fees on two active funds with assets under management of £7.5 billion at 31 December 2023 (2022: £4.6 billion). Total management fees earned for the year ended 31 December 2023 totaled £5,566,946 (2022: £5,349,416).

Additionally, during the year ended 31 December 2023, the LLP earned sub advisory fees for sub advisory services provided to related parties for eleven mandates (2022: eleven mandates) and earned services fees for credit research and analysis services provided to a related party. For the year ended 31 December 2023, the LLP earned £6,522,866 in sub advisory fees (2022: £6,727,211) and £411,873 in services fees (2022: £392,338). See Note 11 in the Notes to the financial statements for additional information on related party transactions.

The results for the year and the financial position at year end were considered satisfactory by the members, who expect assets under management and, in consequence, management fees earned by the LLP, to grow in the foreseeable future.

**Financial risk management**

The LLP operates systems and controls to mitigate any adverse effects across the range of risks that it faces. The LLP has no significant exposure to price, credit or interest rate risk. The LLP's functional currency is GBP. The LLP's principal foreign currency risk arises from its expenditures denominated in USD. Refer to Note 1.13 in the Notes to the financial statements for additional information on foreign currency transactions.

**Designated Members and Governing Body**

The designated members serving during the year were as follows:

Federated Holdings (UK) Limited  
Federated Global Holdings LLC

The designated members have constituted a governing body with authority to direct and supervise the conduct of the business of the LLP. The members of the governing body in office during the year were as follows:

Michael Boyce (independent, non-executive)  
Deborah Cunningham  
Gregory Dulski (chair)  
Ian Kennedy (appointed 30 January 2023)  
Ronan Walsh (independent, non-executive)

**Members' profit allocation**

Any profits of the LLP are shared among the members in accordance with the Limited Liability Partnership Agreement constituting the LLP dated 13 April 2012, as amended and restated on 22 December 2021 (the Partnership Agreement). According to the Partnership Agreement, profits of the LLP shall be allocated between members in the proportions set out in the Partnership Agreement as soon as the annual accounts for the relevant accounting year of the LLP are approved by the members.

**Policy on members' drawings**

Each member may draw a proportion of their profit share, subject to the cash requirements of the business and the Partnership Agreement. Profits that are retained by the LLP and not distributed to members shall be available for use by the LLP.

**Federated Hermes (UK) LLP**  
**Members' report (continued)**

For the year ended 31 December 2023

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**Going concern**

The financial statements have been prepared on a going concern basis, which assumes that the LLP will continue in operational existence for twelve months from the date when the financial statements are authorised for issue. The business and operational impact assessment of the military action being undertaken by Russia in Ukraine and the Middle-East situation was considered by the members in reaching the going concern conclusion. The members are monitoring developments related to these situations, including current and potential future interventions of foreign governments and economic sanctions against Russia. Subsequent to the year end, the assets under management of the LLP have remained steady at £7.5 billion as of 31 January 2024. The statement of financial position shows sufficient liquid resources to cover all liabilities. See Note 1.3 in the Notes to the financial statements for additional information on going concern.

**Statement of members' responsibilities**

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

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 (the Regulations) made under the Limited Liability Partnerships Act 2000, requires the members to prepare financial statements for each financial year that 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. The members have prepared the financial statements for the LLP in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including the Financial Reporting Standard (FRS) 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland,' and applicable law. Under the Regulations, 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 these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 applicable to limited liability partnerships, and in accordance with the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" (issued December 2021). 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.

The members are responsible for the maintenance and integrity of the LLP's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Statement of disclosure of information to auditors**

In the case of each person who was a member at the time this report was approved:

- so far as that member was aware, there is no relevant audit information of which the LLP's auditors were unaware, and
- that member had taken all steps that the member ought to have taken as a member in order to make himself or herself aware of any relevant audit information and to establish that the LLP's auditors are aware of that information.

Federated Hermes (UK) LLP  
**Members' report (continued)**

For the year ended 31 December 2023

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**Auditors**

Ernst & Young LLP will be proposed for reappointment by the members as the auditor of the LLP for the year ending 31 December 2024.

**Signed on behalf of the members:**

DS  
CD  
DocuSigned by:  
Ian Kennedy  
Ian Kennedy B24CF...

On behalf of Federated Hermes Limited  
Designated Member

Approved on: 27 March 2024

Federated Hermes (UK) LLP  
Registered number: OC327292 (England and Wales)

**Federated Hermes (UK) LLP**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FEDERATED HERMES (UK) LIMITED LIABILITY PARTNERSHIP (the LLP)**

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**Opinion**

We have audited the financial statements of Federated Hermes (UK) LLP (the 'limited liability partnership') for the year ended 31 December 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Members' Interests and the related notes 1 to 16, 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 31 December 2023 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.

**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 12 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.

**Federated Hermes (UK) LLP  
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FEDERATED HERMES (UK) LIMITED LIABILITY  
PARTNERSHIP (the 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of 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 the members**

As explained more fully in the Statement of Members' Responsibilities set out in the Members' report on pages 2, 3 and 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.

**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.



**Federated Hermes (UK) LLP  
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FEDERATED HERMES (UK) LIMITED LIABILITY  
PARTNERSHIP (the LLP) (continued)**

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**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 (United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'), and the Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being the Financial Conduct Authority ('FCA') rules and regulations.
- We understood how the limited liability partnership is complying with those frameworks by making enquiries of management to understand how the Limited Liability Partnership maintains and communicates its policies and procedures in these areas, and corroborated this by reviewing supporting documentation.
- We assessed the susceptibility of the limited liability partnership's financial statements to material misstatement, including how fraud might occur by meeting with those charged with governance and management to understand where they considered there was susceptibility to fraud. We identified a fraud risk in relation to revenue. In response to this risk we: understood the movement of revenue as driven by management fees and sub advisory fees; evaluated the design effectiveness of management's controls in place to prevent errors in the calculations of management fees; recalculated the full population of management fees and sub advisory fees by validating fee rates and AUM to supporting documentation and agreeing cash receipt to bank statements.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing journals identified by specific risk criteria and checking the completeness and accuracy of the entity's revenues.
- The limited liability partnership is regulated by the Financial Conduct Authority and was authorised to conduct investment business on 22 November 2007. The principal activities of the limited liability partnership are to provide investment management and advisory services in relation to money market funds. Our audit approach involved an evaluation of the effectiveness of the control environment which included consideration of the key processes involved in the preparation of the 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.

**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.

DocuSigned by:  
Ernst & Young LLP  
F443228F3390458...

Jennifer Rogan (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
**27 March 2024**

Federated Hermes (UK) LLP  
**Statement of comprehensive income**  
For the year ended 31 December

	Notes	2023 £	2022 £
Turnover	2	12,501,685	12,468,965
Cost of sales	2	<u>(3,572,916)</u>	<u>(3,211,782)</u>
<b>Gross profit</b>		<b>8,928,769</b>	<b>9,257,183</b>
Administrative expenses	3	<u>(6,625,984)</u>	<u>(7,000,231)</u>
<b>Operating profit</b>		<b><u>2,302,785</u></b>	<b><u>2,256,952</u></b>
Bank interest and similar income		<u>489,096</u>	<u>93,461</u>
<b>Profit for the financial year before members' remuneration and profit shares</b>		<b><u>2,791,881</u></b>	<b><u>2,350,413</u></b>
<b>Total comprehensive income</b>		<b><u>2,791,881</u></b>	<b><u>2,350,413</u></b>

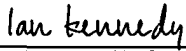
The Statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The principal accounting policies and notes on pages 11 to 17 form an integral part of the financial statements.

**Federated Hermes (UK) LLP**  
**Statement of financial position**  
at 31 December

	Notes	2023 £	2022 £
<b>Fixed assets</b>			
Investments		100	100
Debtors: amounts falling due after one year	4	-	1,053
Tangible assets	5	<u>31,595</u>	<u>100,824</u>
		<b>31,695</b>	<b>101,977</b>
<b>Current assets</b>			
Debtors: amounts falling due within one year	4	<u>1,523,726</u>	<u>1,146,767</u>
Cash and cash equivalents	6	<u>15,043,509</u>	<u>11,782,318</u>
		<b><u>16,567,235</u></b>	<b><u>12,929,085</u></b>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	7	<u>(3,120,450)</u>	<u>(2,194,463)</u>
<b>Net current assets</b>		<b><u>13,446,785</u></b>	<b><u>10,734,622</u></b>
<b>Net assets attributable to members</b>		<b><u>13,478,480</u></b>	<b><u>10,836,599</u></b>
<b>Represented by:</b>			
<b>Members' other interests</b>			
Members' capital classified as equity		7,300,000	7,300,000
Members' other interests – other reserves		<u>6,178,480</u>	<u>3,536,599</u>
<b>Total members' interests</b>		<b><u>13,478,480</u></b>	<b><u>10,836,599</u></b>

The financial statements were approved and authorised for issue and were signed on behalf of the members:

DS  
DocuSigned by:  
  
Ian Kennedy

On behalf of Federated Hermes Limited  
Designated Member

Approved on: 27 March 2024

Federated Hermes (UK) LLP  
Registered number: OC327292 (England and Wales)

The principal accounting policies and notes on pages 11 to 17 form an integral part of the financial statements.

Federated Hermes (UK) LLP  
**Statement of members' interests**  
For the year ended 31 December

	Members' capital (classified as equity) £	Other Reserves £	Total members' interests £
Balance at 1 January 2022	7,300,000	1,186,186	8,486,186
Profit for the year available for discretionary division among members	-	2,350,413	2,350,413
Members' interests after profit for the year	7,300,000	3,536,599	10,836,599
Distribution to members	-	-	-
<b>Balance at 31 December 2022</b>	<b>7,300,000</b>	<b>3,536,599</b>	<b>10,836,599</b>
Balance at 1 January 2023	7,300,000	3,536,599	10,836,599
Profit for the year available for discretionary division among members	-	2,791,881	2,791,881
Members' interests after profit for the year	7,300,000	6,328,480	13,628,480
Distribution to members	-	(150,000)	(150,000)
<b>Balance at 31 December 2023</b>	<b>7,300,000</b>	<b>6,178,480</b>	<b>13,478,480</b>

The principal accounting policies and notes on pages 11 to 17 form an integral part of the financial statements.

Federated Hermes (UK) LLP  
Notes to the financial statements  
For the year ended 31 December 2023

1. Accounting policies

1.1 Entity information

The LLP was incorporated as a limited liability partnership established under the laws of England and Wales on 30 March 2007. The LLP's registered office is 5th Floor, One New Change, London EC4M 9AF and its principal place of business for the year ended 31 December 2023 was 150 Cheapside, London EC2V 6ET.

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102), the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' issued by the Consultative Committee of Accountancy Bodies in December 2021 and those parts of the Companies Act 2006 applicable to the LLP.

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

1.3 Going concern

The financial statements have been prepared on a going concern basis, which assumes that the LLP will continue in operational existence for twelve months from the date when the financial statements are authorised for issue. The business and operational impact assessment of the military action being undertaken by Russia in Ukraine and the Middle-East situation was considered by the members in reaching the going concern conclusion. The members are monitoring developments related to these situations, including current and potential future interventions of foreign governments and economic sanctions against Russia.

Subsequent to the year end, the assets under management of the LLP have remained steady at £7.5 billion as of 31 January 2024. The statement of financial position shows sufficient liquid resources of £16.6 million to cover all liabilities of £3.1 million by a factor in excess of five times.

Management does not expect the current inflationary economic environment to have a negative impact on the operating profit of the LLP.

Having reviewed the business performance up to the date of approving these financial statements, management has a high degree of confidence that regulatory capital requirements will continue to be met, the LLP has sufficient liquidity to meet its liabilities for twelve months from the date when the financial statements are authorised for issue and that the preparation of the financial statements on a going concern basis remains appropriate as the LLP expects to be able to meet its obligations as and when they fall due for the foreseeable future.

1.4 Statement of comprehensive income

The Statement of comprehensive income is presented by function of expense in accordance with FRS 102 paragraph 5.5.

1.5 Cash flow statement

FRS 102 allows a qualifying entity certain disclosure exemptions. The LLP has availed of the exemption under FRS 102 paragraph 1.12(b) from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Federated Hermes, Inc., includes the LLP's cash flows in its own publicly available consolidated financial statements. See Note 12 for additional information.

Federated Hermes (UK) LLP  
**Notes to the financial statements (continued)**  
For the year ended 31 December 2023

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**1. Accounting policies (continued)**

**1.6 Significant judgments and estimates**

No significant judgments or estimates have been made in the preparation of the LLP's financial statements.

**1.7 Turnover**

Turnover is recognised when related services are performed and when the revenue can be measured reliably and the economic benefits associated with the transaction will flow to the LLP.

**1.8 Tangible assets and depreciation**

All tangible assets are recorded at historical cost less accumulated depreciation and impairment.

Depreciation of tangible assets is calculated to write off the cost or valuation less any residual value over their expected useful lives.

The estimated useful lives range is as follows:

Leasehold improvements	Over the lease term
Furniture	10 years
Business equipment and accessories	5 to 10 years
Computer equipment	Shorter of the expected useful life or 4 years

**1.9 Debtors**

Debtors are measured at transaction price, less any impairment.

**1.10 Cash and cash equivalents**

Cash comprises current deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to changes in value.

**1.11 Creditors**

Short term trade creditors are measured at the transaction price and for expenses recognised on an accrual basis.

**1.12 Impairment of assets**

At each reporting date, fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the Statement of comprehensive income. If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of comprehensive income. There were no impairment losses during the years ended 31 December 2023 and 2022.

Federated Hermes (UK) LLP  
**Notes to the financial statements (continued)**  
For the year ended 31 December 2023

**1. Accounting policies (continued)**

**1.13 Foreign currency transactions**

The financial statements are presented in Great British Pound sterling (GBP or £) which is the LLP's functional and presentational currency as it is the primary economic environment in which the LLP operates. A gain or loss is recognised when a transaction is denominated in a currency other than GBP. On the date each foreign currency transaction occurs, each asset, liability, revenue, expense, gain or loss arising from the transaction is measured and recorded in GBP at the exchange rate in effect at that date or, if the foreign currency transaction is recognised over a set period of time, an average exchange rate is used. Foreign exchange gains and losses resulting from the settlement of such transactions and from the revaluation at month end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in Administrative expenses on the Statement of comprehensive income.

**1.14 Members capital policy**

Each member's capital account includes the cash initially contributed by a member to the LLP and any subsequent capital contributions. Repayments of the capital accounts to members are at the discretion of the LLP, and capital accounts have therefore been classified as equity.

**1.15 Pensions**

The pension costs charged during the year in the accounts represent the contributions paid or payable by the LLP during the year. See Note 9 for additional information.

**1.16 Taxation**

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 the LLP. Consequently, no provision has been made for taxation in these financial statements.

**1.17 Operating leases**

Payments under operating leases are charged in the Statement of comprehensive income on a straight-line basis over the lease term. See Note 10 for additional information.

**1.18 Lease incentives**

Incentives received to enter into an operating lease are credited to the Statement of comprehensive income, to reduce the lease expense, on a straight-line basis over the period of the lease.

**2. Turnover and Cost of Sales**

An analysis of turnover by class of business is as follows:

	2023	2022
	£	£
Management fees	5,566,946	5,349,416
Sub Advisory fees	6,522,866	6,727,211
Services fees	<u>411,873</u>	<u>392,338</u>
	<u>12,501,685</u>	<u>12,468,965</u>

The total turnover of the LLP was derived from its principal activity wholly undertaken in the United Kingdom. See Note 11 for additional information regarding Sub Advisory fees and Services fees.

Cost of sales expenses are paid to third parties for ongoing services under various distribution and service fee agreements and are charged to the income statement over the period in which the services are expected to be provided. In 2023, the amount of cost of sales recognised in the Statement of comprehensive income were £3,572,916 (2022: £3,211,782).

Federated Hermes (UK) LLP  
**Notes to the financial statements (continued)**  
For the year ended 31 December 2023

### 3. Administrative Expenses

The largest administrative expense is staff cost. The other non-employee costs category includes certain significant costs such as legal fees, professional fees and technology related fees.

	2023 £	2022 £
Employee costs		
Wages and salaries	2,984,196	3,194,912
Social security costs	388,412	463,496
Other staff costs	56,741	58,251
Pension costs	144,910	87,928
Total Employee costs	<u>3,574,259</u>	<u>3,804,587</u>
Non-employee costs		
Administrative service fee	1,846,165	1,650,466
Operating lease charges	237,126	237,126
Depreciation of tangible assets	55,505	100,087
(Gain)/Loss on foreign exchange transactions	100,285	(128,469)
Auditors' remuneration – audit services	49,660	41,580
Auditors' remuneration – CASS audit	27,720	26,400
Auditors' remuneration – tax services	12,000	12,000
Independent members' of governing body remuneration	55,820	66,178
Other non-employee costs	667,444	1,190,276
Total Non-employee costs	<u>3,051,725</u>	<u>3,195,644</u>
Total Administrative Expenses	<u>6,625,984</u>	<u>7,000,231</u>

The members of the governing body who are not independent are remunerated by affiliates of the LLP.

The monthly average number of employees in 2023 was 14 (2022: 18).

### 4. Debtors

	2023 £	2022 £
<b>Due within one year:</b>		
Prepayments and accrued income	828,004	505,775
Amounts due from group undertakings	668,549	632,661
Other debtors	27,173	8,331
	<u>1,523,726</u>	<u>1,146,767</u>
<b>Due after one year:</b>		
Prepayments	-	1,053
	<u>1,523,726</u>	<u>1,147,820</u>

Long-term prepayments relate to computer maintenance services. See Note 11 for additional information regarding amounts due from group undertakings.



Federated Hermes (UK) LLP  
**Notes to the financial statements (continued)**  
For the year ended 31 December 2023

## 5. Tangible assets

	Leasehold improvements £	Furniture £	Computer equipment £	Business equipment & accessories £	Total £
<i>Cost</i>					
At 1 January 2023	66,056	11,519	640,311	7,952	725,838
Additions	-	-	-	-	-
Disposals	-	-	(296,353)	(819)	(297,172)
<b>At 31 December 2023</b>	<b>66,056</b>	<b>11,519</b>	<b>343,958</b>	<b>7,133</b>	<b>428,666</b>
<i>Accumulated Depreciation</i>					
At 1 January 2023	(37,614)	(4,231)	(577,547)	(5,622)	(625,014)
Charge for the year	(11,009)	(1,152)	(42,200)	(1,144)	(55,505)
Disposals	-	-	282,629	819	283,448
<b>At 31 December 2023</b>	<b>(48,623)</b>	<b>(5,383)</b>	<b>(337,118)</b>	<b>(5,947)</b>	<b>(397,071)</b>
<i>Net book value</i>					
<b>At 31 December 2023</b>	<b>17,433</b>	<b>6,136</b>	<b>6,840</b>	<b>1,186</b>	<b>31,595</b>
<i>Net book value</i>					
At 31 December 2022	28,442	7,288	62,764	2,330	100,824

## 6. Cash and Cash Equivalents

	2023 £	2022 £
Cash at Bank	2,522,317	1,311,366
Federated Hermes Short-Term Sterling Prime Fund	12,521,192	10,470,952
<b>Total cash and cash equivalents</b>	<b>15,043,509</b>	<b>11,782,318</b>

See Note 1.10 for additional information regarding cash and cash equivalents.

Federated Hermes (UK) LLP  
**Notes to the financial statements (continued)**  
For the year ended 31 December 2023

**7. Creditors: amounts falling due within one year**

	2023	2022
	£	£
Trade payables	13,320	6,935
Pension contribution	-	6,692
Amounts due to group undertakings	1,986,144	244,018
Other creditors	1,165	69,056
Accruals	1,119,821	1,867,762
	<u>3,120,450</u>	<u>2,194,463</u>

See Note 11 for additional information regarding amounts due to group undertakings.

**8. Information in relation to members**

	2023	2022
The average number of members during the year was	<u>2</u>	<u>2</u>

**9. Pension**

During the year, the employees participated in a defined contribution pension scheme through the LLP. The assets of the scheme are held separately from those of the LLP in an independently administered fund. The pension cost charge represents contributions payable by the LLP to the scheme. For the year ended 31 December 2023, contributions paid or payable by the LLP amounted to £144,910 (2022: £87,928).

**10. Financial commitments and contingencies**

On 25 February 2019, the LLP entered into a license agreement with Federated Hermes Limited (previously named Hermes Fund Managers Limited) (an affiliate of the LLP) to occupy space located at 150 Cheapside, London EC2V 6ET as a licensee for the period commencing on 23 February 2019 and ending on 21 October 2025. With the transfer of the LLP under Federated Hermes Limited, this lease was terminated as of 1 January 2024. See Note 15 for additional information.

At 31 December 2023 and 2022 the LLP had the following future minimum lease payments under the non-cancellable operating lease:

	2023	2022
	£	£
<i>Payments due</i>		
Not later than one year	-	237,126
Later than one year and not later than five years	-	369,332
Later than five years	-	-
	<u>0</u>	<u>606,458</u>

At 31 December 2023, there are no other financial commitments or contingencies (2022: none).

**11. Related party transactions**

The amounts due from group undertakings are set out under Debtors (Note 4), as at 31 December 2023, and amount to £668,549 (2022: £632,661). These related party receivables represent the fees for services performed by the LLP for affiliates, including Sub Advisory fees and Services fees, which are discussed below. The amounts due to group undertakings are set out under Creditors (Note 7), as at 31 December 2023, and amount to £1,986,144 (2022: £244,018). The payables are comprised of operating expenses paid or incurred by affiliates on behalf of the LLP and fees charged to the LLP for services performed by affiliates. The receivables and payables are generally settled in cash on a monthly basis.

**Federated Hermes (UK) LLP**  
**Notes to the financial statements (continued)**  
For the year ended 31 December 2023

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**11. Related party transactions (continued)**

Regarding the Sub Advisory fees set out under Turnover and Cost of Sales (Note 2), the LLP earned sub advisory fees for services that were provided to related parties. As at 31 December 2023, the LLP sub advised eleven mandates and earned £6,522,866 (2022: eleven mandates, £6,727,211) in sub advisory fees. Sub advisory fees vary by mandate and are recorded as Turnover on the Statement of comprehensive income.

Regarding the Services fees set out under Turnover and Cost of Sales (Note 2), the LLP provided credit research and analysis services that were provided to a related party. The LLP is entitled to recoup its credit research and analysis related expenses, plus a 15% margin. As at 31 December 2023, £411,873 (2022: £392,338) was earned through this agreement and is recorded as Turnover on the Statement of comprehensive income.

The key management personnel are the LLP's independent members of the governing body. As at 31 December 2023, £55,820 (2022: £66,178) was remunerated to the independent members of the governing body for services provided. Refer to Note 3 in the Notes to the financial statements for additional information on administrative expenses.

**12. Ultimate controlling party**

The parent undertaking of the largest group of undertakings for which group financial statements are prepared and of which the LLP and its members are a member is Federated Hermes, Inc., a Pennsylvania corporation established and operating in the United States of America. Copies of its group financial statements are available for public inspection at 1001 Liberty Avenue, Pittsburgh, Pennsylvania 15222-3779, in the United States of America, or can be viewed online at [www.federatedhermes.com](http://www.federatedhermes.com).

**13. FCA Pillar 3 and the UK Stewardship Code Disclosure**

The disclosure of FCA Pillar 3 and the UK Stewardship Code can be found at the LLP's website at [www.federatedhermes.co.uk](http://www.federatedhermes.co.uk).

**14. Significant Events During the Year**

Effective 1 August 2023, the LLP's employees were transferred to FHL. As some of the employees were still performing work for the LLP after the transfer, 13 employees' costs were seconded back to the LLP. The costs seconded back to the LLP include compensation, bonus, travel & entertainment, and other direct employee costs. These costs were charged a 5% markup by FHL. There have been no other significant events during the year that would require disclosure in these financial statements.

**15. Subsequent Events**

Effective 1 January 2024, the ownership of the LLP was transferred from Federated Holdings (UK) Limited to FHL. The new Designated Members for the LLP are FHL and Federated Global Holdings LLC. Also, effective 1 January 2024, the seconded LLP employees are no longer under a secondment agreement.

There have been no other material post-balance sheet events that would require disclosure in these financial statements.

**16. Approval of the financial statements**

The members approved these financial statements on 27 March 2024 for filing with the Companies House and Financial Conduct Authority. Under applicable law the members have the power to amend and reissue the financial statements.