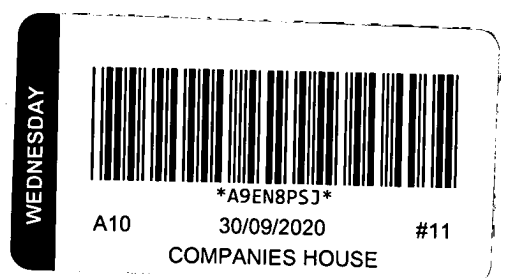


Registered number: OC304786

Cantillon Capital Management LLP

**Members' Report and Audited Financial Statements
For the Year Ended 31 December 2019**



Cantillon Capital Management LLP

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Cantillon Capital Management LLP

Administrative Information

For the Year Ended 31 December 2019

Designated Members

K S Aarons

Cantillon Capital Limited

Members

F Al-Chalabi

J Gupta

LLP registered number

OC304786

Registered office

4th Floor, Reading Bridge House

George Street

Reading

Berkshire

RG1 8LS

Auditor

Ernst & Young LLP

25 Churchill Place

Canary Wharf

London

E14 5EY

Bankers

Coutts and Co

440 Strand

London

WC2R 0QS

Solicitors

Simmons & Simmons

CityPoint

One Ropemaker Street

London

EC2Y 9SS

Cantillon Capital Management LLP

Members' Report For the Year Ended 31 December 2019

The members present their annual report together with the audited financial statements of Cantillon Capital Management LLP for the year ended 31 December 2019.

Principal activity and review of the business

The principal activity of Cantillon Capital Management LLP (the 'LLP') in the year under review was providing investment management services to:

- Cantillon Funds Plc; an Irish open-ended investment company with variable capital and limited liability;
- Cantillon Capital Management LLC as a sub advisor to this affiliated entity, which manages investment funds as a Registered Investment Advisor in the United States;
- other private pools of capital including UK and Irish pension funds.

The members do not envisage any change in the nature of this activity in the foreseeable future.

The members are satisfied that the future growth of the business will be measured, appropriate and sustainable.

Principal risks and uncertainties

The principal risks and uncertainties affecting the LLP relate to the performance of the underlying funds it manages and the impact that the poor performance of these funds could have on the ability to attract and retain investors. The funds advised by the LLP and its affiliates are subject to various market, counterparty, operational and regulatory risks that could ultimately have an impact on the LLP's business through a reduction in assets under management and, therefore, turnover entitlements. The LLP continues to monitor and improve its controls and processes to provide the proper infrastructure for managing clients' assets.

From an operational perspective, the key risk relates to the potential for non-compliance with the regulations issued by the Financial Conduct Authority that could lead to the LLP being subject to a fine or a ban on trading activities. This is managed through regular review of the LLP's compliance framework by Senior Management. Other risks relate to the ability to attract and retain key investment executives.

The United Kingdom (the "U.K.") left the European Union (the "E.U.") on 31 January 2020. Between 1 February 2020 and 31 December 2020, the U.K. will remain in a transitional period under which current rules regarding trade, travel and business will continue to apply. The effects of the U.K.'s departure from the E.U. are still unknown and will depend on any agreement the U.K. makes to retain access to E.U. markets either during the transitional period or more permanently. The company is continuously monitoring and considering the potential implications of these agreements, including how this will affect relationships with existing and future counterparties.

In early 2020, the existence of a new coronavirus, now known as COVID-19, was confirmed and since this time COVID-19 has spread across a significant number of countries and has been classified as a pandemic by the World Health Organisation. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The effects of COVID-19 have and may continue to adversely affect the global economy and the economies of certain nations, including those that the funds invest and the Cantillon group (the "Group") operates in. Although COVID-19 was initially discovered in late 2019, the changes to market conditions caused as a consequence of the outbreak did not exist prior to 31 December 2019 and therefore these conditions are considered non-adjusting post balance sheet events.

Management continues to monitor the impact that the COVID-19 pandemic has on the Group, and the economies in which the Group operates. Given the inherent uncertainties, it is not practicable at this time to determine the impact of COVID-19 on the LLP or to provide a quantitative estimate of this impact.

Cantillon Capital Management LLP

Members' Report (continued) **For the Year Ended 31 December 2019**

Principal risks and uncertainties (continued)

Management has, however, performed certain stress tests as part of their going concern assessment using information available to the date of issue of these financial statements. These analyses have modelled a number of adverse scenarios relating to movements in assets under management to assess the potential impact on the Group's operations, liquidity, solvency and regulatory capital position. This also includes a reverse stress test to assess the stresses the Group has to endure before there is a breach of the relevant regulatory capital requirement, including an assessment of any relevant mitigations management have within their control to implement.

The most likely expected financial impact is in respect of the LLP's turnover which is driven by future management fee income, calculated based on a percentage of assets under management. The value of assets under management has fluctuated, partially due to the impact of COVID-19 on listed global equity and debt markets. It is not possible to quantify the overall impact of COVID-19 as financial markets continue to react to developments. Having performed stress testing, management believes regulatory capital requirements will continue to be met, that the Group has sufficient liquidity to meet its liabilities for the next 12 months 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.

Results and allocation to members

The results for the year, as detailed on page 8, show a profit of £13,799,969 (2018: £15,376,705). Net assets attributable to members amount to £4,643,368 (2018: £7,577,214). The results for the year and the financial position at the year-end were considered satisfactory by the members.

Any allocations of profits or losses by the LLP are shared among the members on a discretionary basis as governed by the latest LLP Deed dated 30 June 2016.

Post balance sheet events

In early 2020, the existence of a new coronavirus, now known as COVID-19, was confirmed and since this time COVID-19 has spread across a significant number of countries and has been classified as a pandemic by the World Health Organisation. Further details are provided in note 1.1. and note 9 of these financial statements.

Going concern

The LLP's business activities, together with the factors likely to affect its future development and position, are set out in the 'Principal activity and review of the business' and 'Principal risks and uncertainties' sections of this Members' Report. The LLP is expected to continue to generate positive cash flows from the turnover earned from its fund management activities.

The future profitability of the LLP is dependent on maintaining a consistent level of assets under management from which to generate future turnover. Whilst the level of assets under management is subject to market volatility and to potential investor redemptions, the LLP has a diversified investor base that protects the LLP in the event of redemption by one or more investors. The members have considered the impact of COVID-19 in Note 1.1 and Note 9 and do not believe this will affect the going concern assumption. The LLP therefore continues to adopt the going concern basis for these financial statements.

Cantillon Capital Management LLP

Members' Report (continued) For the Year Ended 31 December 2019

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

Policies for members' drawings, subscriptions and repayment of members' capital are governed by the latest Limited Liability Partnership Agreement dated 30 June 2016. In accordance with the Partnership Agreement, each member is required to make a capital contribution to the LLP. Additional capital subscriptions require the agreement of all members of the LLP. Capital is repayable to the members at the discretion of the members of the LLP on ceasing to be a member of the LLP (or on winding up), provided all conditions set out in the LLP Deed are met. The LLP has no obligation to repay capital to its members.

Members are entitled to drawings from the LLP at the discretion of the members in anticipation of the allocation of future profits. If drawings are made in excess of allocated profits, the overdrawn balance shall be treated as an interest-free loan to members from the LLP.

Where aggregate profit allocations from the LLP exceed cumulative drawings paid to members, the residual balance is treated as a loan amount due to members.

Members

The members of Cantillon Capital Management LLP during the year and up to the date of this report were as follows:

K S Aarons *
Cantillon Capital Limited *
F Al-Chalabi
J Gupta
S Proctor (resigned 31 December 2019)

*denotes designated member

Cantillon Capital Limited is the controlling member.

Pillar 3 disclosure

Details of the LLP's unaudited Pillar 3 disclosures, required under Chapter 11 of the Financial Conduct Authority's Prudential Sourcebook for Banks, Building Societies and Investment Firms ("BIPRU") are available on the LLP's website at www.cantillon.com.

Commitment to the UK Stewardship Code

Under Rule 2.2.3R of the FCA's Conduct of Business Sourcebook, Cantillon Capital Management LLP (the "LLP") is required to include on its hosted website a disclosure about the nature of its commitment to the UK Financial Reporting Council's Stewardship Code (the "Code") or, where it does not commit to the Code, its alternative investment strategy. The Code is a voluntary code and sets out a number of principles relating to engagement between investors and UK equity issuers.

While the LLP supports the general objectives that underlie the Code, the provisions of the Code are not relevant to the type of investment management services currently undertaken by the LLP as this consists of making recommendations to its US affiliate and not providing execution services. If the scope of the LLP's investment services changes in such a manner that the provisions of the Code become relevant, the LLP will amend this disclosure accordingly.

Cantillon Capital Management LLP

Members' Report (continued) For the Year Ended 31 December 2019

Statement of disclosure of information to auditor

Each of the persons who are members at the time when this Members' Report is approved has confirmed that:

- so far as that member is aware, there is no relevant audit information of which the LLP's auditor is unaware; and
- that member has taken all the steps that ought to have been taken as a member in order to be aware of any relevant audit information and to establish that the LLP's auditor is aware of that information.

Auditor

A resolution to reappoint Ernst & Young LLP as auditor will be put to the members at the members' meeting to approve these financial statements.

This report was approved by the members on 23 April 2020 and signed on their behalf by:

Kevin S. Aarons

K S Aarons
Designated member

Cantillon Capital Management LLP

Statement of Designated Members' Responsibilities For the Year Ended 31 December 2019

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

The Companies Act 2006 as applied to the LLP by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 made under the Limited Liability Partnerships Act 2000 requires the Designated Members to prepare the financial statements for each financial year. Under that regulation the members have elected to prepare the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under this regulation, the members must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period.

In preparing these financial statements, the Designated Members are required to:

- select suitable accounting policies for the LLP's financial statements 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 Designated 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 requirements of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Cantillon Capital Management LLP

Independent Auditor's Report to the Members of Cantillon Capital Management LLP For the Year Ended 31 December 2019

Opinion

We have audited the financial statements of Cantillon Capital Management LLP ('the LLP') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Reconciliation of Members' Interests and the related notes 1 to 10, 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 in the UK and Republic of Ireland.'

In our opinion the financial statements:

- give a true and fair view of the state of the LLP's affairs as at 31 December 2019 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 in 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 LLP in accordance with the ethical requirements in the UK that are relevant to our audit of the financial statements, 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 – Effects of COVID-19

We draw attention to Note 1.1 and Note 9 of the financial statements, which describes the economic and operational disruption the company is facing as a result of COVID-19 which is impacting financial markets. 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 LLP'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.

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.

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.

Cantillon Capital Management LLP

Independent Auditor's Report to the Members of Cantillon Capital Management LLP (continued) For the Year Ended 31 December 2019

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 LLP'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 LLP or to cease operations, or have no realistic alternative but to do so.

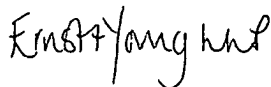
Auditor's responsibilities for the audit of the financial statements

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.

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 LLP and the LLP's members as a body, for our audit work, for this report, or for the opinions we have formed.



Caroline Mercer (Senior statutory auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh

Date: 24 April 2020

Cantillon Capital Management LLP

Statement of Comprehensive Income For the Year Ended 31 December 2019

	Note	2019 £	2018 £
Turnover	3	16,012,772	16,869,761
Administrative expenses		(2,244,765)	(1,512,935)
Operating profit	4	<u>13,768,007</u>	<u>15,356,826</u>
Interest receivable and similar income		32,381	20,068
Interest payable and similar charges		(419)	(189)
Profit for the financial year available for discretionary division among members		<u>13,799,969</u>	<u>15,376,705</u>
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u><u>13,799,969</u></u>	<u><u>15,376,705</u></u>

All amounts derive from continuing operations.

The notes on pages 11 to 16 form part of these financial statements.

Cantillon Capital Management LLP
Registered number: OC304786

Statement of Financial Position
For the Year Ended 31 December 2019

	Note	2019 £	2018 £
Current assets			
Debtors	6	4,861,500	4,409,353
Cash at bank and in hand		<u>2,956,973</u>	<u>5,888,604</u>
		7,818,473	10,297,957
 Creditors: amounts falling due within one year	7	 (3,175,104)	 (2,720,743)
 Net assets attributable to members		 <u>4,643,369</u>	 <u>7,577,214</u>
 Represented by:			
Loans and other debts due to members			
Loans and other debts due to members		<u>3,547,049</u>	<u>6,480,895</u>
		3,547,049	6,480,895
 Members' other interests			
Members' capital classified as equity		<u>1,096,319</u>	<u>1,096,319</u>
		<u>4,643,368</u>	<u>7,577,214</u>
 Total members' interests			
Loans and other debts due to members		3,547,049	6,480,895
Members' other interests		<u>1,096,319</u>	<u>1,096,319</u>
		<u>4,643,368</u>	<u>7,577,214</u>

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

The LLP has no borrowings and therefore no net debt reconciliation has been prepared.

Kevin S. Arons

K S Arons
Designated member

The notes on pages 11 to 16 form part of these financial statements.

Cantillon Capital Management LLP

Reconciliation of Members' Interests For the Year Ended 31 December 2019

	Members' capital (classified as equity)	Other reserves	Total members' equity	Loans and other debts due to members	Total members' interests
Amounts due from members				-	
Amounts due to members				4,952,460	
Members' interests: balance at 1 January 2018	1,096,319	-	1,096,319	4,952,460	6,048,779
Profit for the year available for discretionary division among members	-	15,376,705	15,376,705	-	15,376,705
Members' interests after profit for the year	1,096,319	15,376,705	16,473,024	4,952,460	21,425,484
Allocated profit for the year	-	(15,376,705)	(15,376,705)	15,376,705	-
Drawings paid to corporate member	-	-	-	(6,523,918)	(6,523,918)
Drawings paid to non-corporate members	-	-	-	(7,324,352)	(7,324,352)
Amounts due from members				-	
Amounts due to members				6,480,895	
Members' interests: balance at 31 December 2018	1,096,319	-	1,096,319	6,480,895	7,577,214
Profit for the year available for discretionary division among members	-	13,799,969	13,799,969	-	13,799,969
Members' interests after profit for the year	1,096,319	13,799,969	14,896,288	6,480,895	21,377,183
Allocated profit for the year	-	(13,799,969)	(13,799,969)	13,799,969	-
Drawings paid to corporate member	-	-	-	(9,252,994)	(9,252,994)
Drawings paid to non-corporate members	-	-	-	(7,480,821)	(7,480,821)
Amounts due from members				-	
Amounts due to members				3,547,049	
Members' interests: balance at 31 December 2019	1,096,319	-	1,096,319	3,547,049	4,643,368

The notes on pages 11 to 16 form part of these financial statements.

Cantillon Capital Management LLP

Notes to the financial statements For the Year Ended 31 December 2019

1. Accounting policies

1.1. Basis of accounting

The LLP is a limited liability partnership registered in England and Wales. The Registered office of the LLP is 4th Floor, Reading Bridge House, George Street, Reading, Berkshire, RG1 8LS. The principal place of business of the LLP is Eagle House, 108/110 Jermyn Street, London, SW1Y 6EE.

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland together 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" issued in January 2017.

Statement of compliance with FRS 102

The financial statements have been prepared in accordance with FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the LLP's accounting policies (see note 2).

COVID-19

In early 2020, the existence of a new coronavirus, now known as COVID-19, was confirmed and since this time COVID-19 has spread across a significant number of countries and has been classified as a pandemic by the World Health Organisation. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The effects of COVID-19 have and may continue to adversely affect the global economy and the economies of certain nations, including those that the funds invest and the Cantillon group (the "Group") operates in. Although COVID-19 was initially discovered in late 2019, the changes to market conditions caused as a consequence of the outbreak did not exist prior to 31 December 2019 and therefore these conditions are considered non-adjusting post balance sheet events.

Management continues to monitor the impact that the COVID-19 pandemic has on the Group, and the economies in which the Group operates. Given the inherent uncertainties, it is not practicable at this time to determine the impact of COVID-19 on the LLP or to provide a quantitative estimate of this impact, however, management have concluded this does not impact the going concern ability of the Group for the reasons noted below.

Management has performed certain stress tests as part of their going concern assessment using information available to the date of issue of these financial statements. These analyses have modelled a number of adverse scenarios relating to movements in assets under management to assess the potential impact on the Group's operations, liquidity, solvency and regulatory capital position. This also includes a reverse stress test to assess the stresses the Group has to endure before there is a breach of the relevant regulatory capital requirement, including an assessment of any relevant mitigations management have within their control to implement.

The most likely expected financial impact is in respect of the LLP's turnover which is driven by future management fee income, calculated based on a percentage of assets under management. The value of assets under management has fluctuated, partially due to the impact of COVID-19 on listed global equity and debt markets. It is not possible to quantify the overall impact of COVID-19 as financial markets continue to react to developments. Having performed stress testing, management believes regulatory capital requirements will continue to be met, that the Group has 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 LLP expects to be able to meet its obligations as and when they fall due for the foreseeable future.

Cantillon Capital Management LLP

Notes to the financial statements (continued) **For the Year Ended 31 December 2019**

1.2. Disclosure exemptions

The LLP is controlled by Cantillon Capital Limited and the results of the LLP are included in the consolidated financial statements of that company, which are publicly available. Consequently, the LLP, as a qualifying entity, has taken advantage of the following disclosure exemptions available under FRS102:

- the requirement to present a statement of cash flows and related notes;
- financial instrument disclosures, including:
 - categories of financial instruments; and
 - items of income, expenses, gains or losses relating to financial instruments.

1.3. Turnover

Turnover is recognised on an accruals basis to the extent that it is probable that the economic benefits will flow to the LLP and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration receivable less any rebates and excluding discounts, value added tax and other sales taxes.

Turnover from the underlying funds managed by the LLP is recognised in the period that the management services are performed and is based on an agreed percentage of the total funds under management. Performance fees are based on the performance of the funds under management. As such performance fees are only recognised when the fee has crystallised at the end of the designated performance period. All other income is recognised on an accruals basis.

1.4. Expenses

Expenses are accounted for on an accruals basis.

1.5. Debtors

Short-term debtors are measured at transaction price, which equates to the amount expected to be received by the LLP on settlement, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment. Any impairment is recognised in the Statement of Comprehensive Income.

1.6. Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.7. Creditors

Short-term creditors are measured at the transaction price, which equates to the amount expected to be paid by the LLP on settlement, less any rebates. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Cantillon Capital Management LLP

Notes to the financial statements (continued) For the Year Ended 31 December 2019

1.8. Foreign currency translation

Functional and presentation currency

The LLP's functional currency and presentation currency is Pounds Sterling ("GBP").

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

1.9. Pensions

The LLP operates a defined contribution pension scheme on behalf of the members. The pension charge represents the amounts payable by the LLP to the third-party pension scheme during the year.

Contributions are recognised on an accruals basis as an expense in the Statement of Comprehensive Income.

1.10. Interest income and interest payable

Interest income and interest payable are recognised in the Statement of Comprehensive Income on an accruals basis using the effective interest method.

1.11. Taxation

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

1.12. Members' profit allocations and drawings

The LLP has no fixed obligation to allocate profits to members, all remuneration is allocated on a discretionary basis. Accordingly, members' remuneration is shown as a deduction from members' interests once formally approved by the LLP Board.

Any cash drawings withdrawn from the LLP by members in advance of a discretionary profit allocation are recognised as a loan due from members to the LLP. Where profit allocations exceed drawings made by members, this is represented as a loan amount due to members of the LLP. Any amounts paid to members in lieu of unallocated profits are included within debtors. Any unallocated profits and losses are included within 'other reserves'.

1.13. Recognition of members' capital

Capital contributed by members is recognised as equity in the financial statements of the LLP on the basis that, in accordance with the Partnership Agreement, capital is only repayable to members at the discretion of the Designated Members. The LLP has no obligation to repay capital to members.

Cantillon Capital Management LLP

Notes to the financial statements (continued) For the Year Ended 31 December 2019

2. Judgments in applying accounting policies and key sources of estimation uncertainty

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 turnover and expenses during the year.

The members consider the following to be significant accounting judgements made during the year in the preparation of the LLP's financial statements:

- Classification of members' remuneration as discretionary or fixed remuneration; and
- Classification of members' capital as debt or equity.

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 ongoing 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 LLP's financial statements.

3. Turnover

An analysis of the LLP's turnover by class of business is as follows:

	2019 £	2018 £
Investment management fees	16,012,772	16,869,761
	<u>16,012,772</u>	<u>16,869,761</u>

All of the LLP's turnover arose from services provided within the United Kingdom.

The investment management fees above represent turnover from the LLP's investment management services and are stated net of the transfer pricing adjustment (See Note 8) payable to Cantillon Capital Management LLC ("CCM LLC", the LLP's parent undertaking) in respect of investment support services provided by this entity to the LLP.

4. Operating profit

The operating profit of the LLP is stated after charging:

	2019 £	2018 £
Fees payable to the LLP's auditor for the audit of the LLP's annual accounts	18,500	16,500
Foreign exchange loss	<u>478,950</u>	<u>6,348</u>

The LLP does not have any employees and, accordingly, no staff costs were incurred by the LLP. The LLP's parent undertaking, Cantillon Capital Limited, employs staff to provide investment administration and support services on behalf of the LLP.

A service charge for these costs is not charged by Cantillon Capital Limited to the LLP, however the parent undertaking receives a discretionary profit allocation based on the terms of the LLP Deed. Disclosure of this profit allocation can be found within note 8 to these financial statements.

The auditor did not receive any remuneration from the LLP in respect of non-audit services (2018: £nil).

Cantillon Capital Management LLP

Notes to the financial statements (continued) For the Year Ended 31 December 2019

5. Members' remuneration

	2019 Number	2018 Number
Average number of members during the year was:	<u>5</u>	<u>6</u>
	2019 £	2018 £
Profit for the financial year available for discretionary division among members:	<u>13,799,969</u>	<u>15,376,705</u>
	2019 £	2018 £
Amount payable to the highest paid member during the year:	<u>6,319,148</u>	<u>8,052,353</u>

6. Debtors

	2019 £	2018 £
Prepayments and accrued income	4,861,485	4,399,299
Other debtors	<u>15</u>	<u>10,054</u>
	<u>4,861,500</u>	<u>4,409,353</u>

7. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	25,755	52,098
Amounts owed to group undertakings	2,678,339	2,227,625
Other taxes and social security	199,011	234,450
Accruals and deferred income	<u>271,999</u>	<u>206,570</u>
	<u>3,175,104</u>	<u>2,720,743</u>

All amounts due to group entities are unsecured, interest-free and repayable on demand.

Amounts due to members, as shown on page 10, rank pari pasu with the creditors shown above in respect of priority for repayment should there be a winding up of the LLP.

8. Related party transactions

During the year, the LLP provided transactional support totalling £9,252,994 (2018: £6,523,918) to Cantillon Capital Limited. The LLP allocated profits of £6,319,148 (2018: £8,052,353) to Cantillon Capital Limited on a discretionary basis under the terms of the LLP Deed. As at 31 December 2019 £3,547,049 (2018: £6,480,895) was due to Cantillon Capital Limited in respect of undrawn profit allocations and was included within 'Amounts due to members' at the year-end. During the year, the LLP allocated profits of £7,480,821 (2018: £7,324,352) to non-corporate members on a discretionary basis under the terms of the LLP Deed. As at 31 December 2019 £Nil was due to non-corporate members (2018: £Nil).

CCM LLC, a limited liability company incorporated in Delaware, owns 100% of the share capital of Cantillon Capital Limited. Under the transfer pricing arrangement with CCM LLC, the LLP allocated £12,907,075 (2018: £11,190,438) of fees to CCM LLC, £2,435,544 of which was payable at 31 December 2019 (2018: £1,982,219). As at 31 December 2019, the total amount owed to CCM LLC was £2,678,339 (2018: £2,227,625).

Key management personnel

The members of the LLP are considered to be the only key management personnel of the LLP and the aggregate of transactions with members is included in note 5 and the Reconciliation of members' interests on page 10.

9. Post balance sheet events

Since the start of January 2020, global financial markets have been monitoring and reacting to the novel coronavirus (COVID-19) that is believed to have originated in Wuhan, China. The virus has spread across the globe, with major outbreaks across the Middle East, Europe and America, resulting in widespread restrictions on the ability of people to travel, socialise and leave their homes. Global financial markets have reacted sharply to this news, with concerns regarding the economic impact this may have on a global scale.

The Company has enacted its business continuity plan and continues to monitor closely the impact on portfolio holdings.

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 31 December 2019. For further discussion concerning the management assessment of COVID-19 impact on the Company refer to note 1.1.

10. Ultimate parent undertaking and controlling party

The LLP's immediate parent undertaking is Cantillon Capital Limited, which has included the LLP in its consolidated financial statements, copies of which are available from its registered office: 4th Floor, Reading Bridge House, George Street, Reading, RG1 8LS.

In the members' opinion, the LLP's ultimate parent undertaking and controlling party is Cantillon Capital Management LLC, a limited liability corporation incorporated in the United States of America. Consolidated accounts can be obtained from 27th Floor, 40 West 57th Street, New York, NY10019.

The parent undertaking of the largest group that prepares group accounts including the LLP is Cantillon Capital Management LLC.

The parent undertaking of the smallest group that prepares group accounts including the LLP is Cantillon Capital Limited.