

Cantillon Capital Management LLP

Members' Report and Audited Financial Statements

For the Year Ended 31 December 2020



Cantillon Capital Management LLP

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Cantillon Capital Management LLP

Administrative Information For the Year Ended 31 December 2020

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 2020

The members present their annual report together with the audited financial statements of Cantillon Capital Management LLP for the year ended 31 December 2020.

Principal activity and review of the business

Cantillon Capital Management LLP is authorised by the Financial Conduct Authority (the "FCA") as a BIPRU €50k limited license firm (reference number: 225484).

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 to 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.

Results and allocation to members

The results for the year, as detailed on page 10, show a profit of £16,568,227 (2019: £13,799,969). Net assets attributable to members amount to £5,197,393 (2019: £4,643,368). 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.

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 FCA 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. entered into a transitional period under which current rules regarding trade, travel and business will continued to apply. On 24 December 2020, the E.U. and the U.K formally announced the 'EU-UK Trade and Cooperation Agreement' (the 'agreement'), an agreement on future trade terms between the two parties. This was ratified by the U.K. Parliament on 30 December 2020 and came into law on 31 December 2020. The members continue to monitor the impact of Brexit on its existing and new arrangements and believe there will be no material impact on the LLP's operations.

Cantillon Capital Management LLP

Members' Report (continued) For the Year Ended 31 December 2020

Principal risks and uncertainties (continued)

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 was classified as a pandemic by the World Health Organisation. The outbreak of COVID-19 resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The effects of COVID-19 have persisted throughout the remainder of the year and continue to impact the global economy and the economies of certain nations, including those that the funds invest and the Cantillon group (being the LLP, the immediate and ultimate parent companies of the LLP and any other directly related companies of those entities, together the "Cantillon group") operates in. After promising vaccination trials in late 2020, a number of countries have begun the process of vaccinating the most at-risk individuals. Assuming that the vaccinations provide effective protection against the COVID-19 virus, it is expected that throughout 2021 these restrictions will be reduced.

Management continues to monitor the impact that the COVID-19 pandemic has on the Cantillon group, and the economies in which the Cantillon group operates. However, it is currently not practicable to determine any quantitative estimate of the future impact of COVID-19 on the LLP. 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. Turnover is highly correlated with market performance, and consequently, as financial markets continue to react to developments, the performance of assets under management is likely to vary accordingly.

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.

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 LLP's operations, liquidity, solvency and regulatory capital position. This also includes a reverse stress test to determine the pressures the LLP 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.

Having performed stress testing, management believes regulatory capital requirements will continue to be met, that the LLP continues to have sufficient liquidity to meet its liabilities for the next 12 months from the date of this report 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 next 12 months.

Cantillon Capital Management LLP

Members' Report (continued) For the Year Ended 31 December 2020

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 Deed 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 designated 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 made to the members from the LLP. Where aggregate profit allocations from the LLP exceed cumulative drawings distributed to members, the residual balance is treated as a loan amount owed to the members by the LLP.

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

*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 2020

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 2021 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 2020

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 2020

Opinion

We have audited the financial statements of Cantillon Capital Management LLP ('the LLP') for the year ended 31 December 2020 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; including FRS 102 'The Financial Reporting Standard applicable 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.

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.

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 2020

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.

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 LLP and management.

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), the Companies Act 2006 and the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" in the United Kingdom. In addition, the LLP has to comply with laws and regulations relating to its operations, including the FCA rules.
- We understood how the LLP is complying with those frameworks by making enquiries of management and by seeking representations from those charged with governance. We corroborated our understanding by reviewing supporting documentation including Members' meeting minutes and correspondence with relevant authorities.

Cantillon Capital Management LLP

Statement of Comprehensive Income For the Year Ended 31 December 2020

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

- We assessed the susceptibility of the limited liability partnership's financial statements to material misstatement, including how fraud might occur by considering the risk of management override. We performed journal entry testing by specific risk criteria, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries of management and those charged with governance for their awareness of any non-compliance with laws and regulations. We corroborated our enquiries through our review of Members' meeting minutes, review of breaches and complaints register and review of a sample of expenses.
- The limited liability partnership is a regulated entity under the supervision of the FCA. As such, the Senior statutory auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities.

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.

Ernst & Young LLP

Irene Psalti (Senior statutory auditor)

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

London

23 April 2021

Cantillon Capital Management LLP

Statement of Comprehensive Income For the Year Ended 31 December 2020

	Note	2020 £	2019 £
Turnover	3	18,288,137	16,012,772
Administrative expenses		(1,727,845)	(2,244,765)
Operating profit	4	<u>16,560,292</u>	<u>13,768,007</u>
Interest receivable and similar income		8,393	32,381
Interest payable and similar charges		(458)	(419)
Profit for the financial year available for discretionary division among members		<u>16,568,227</u>	<u>13,799,969</u>
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u><u>16,568,227</u></u>	<u><u>13,799,969</u></u>

All amounts derive from continuing operations.

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

Cantillon Capital Management LLP
Registered number: OC304786

Statement of Financial Position
As at 31 December 2020

	Note	2020 £	2019 £
Current assets			
Debtors	6	5,347,829	4,861,500
Cash at bank and in hand		<u>1,677,856</u>	<u>2,956,972</u>
		7,025,685	7,818,472
 Creditors: amounts falling due within one year	7	(1,828,292)	(3,175,104)
 Net assets attributable to members		<u>5,197,393</u>	<u>4,643,368</u>
 Represented by:			
Loans and other debts due to members within one year			
 Other amounts		<u>4,101,074</u>	<u>3,547,049</u>
		4,101,074	3,547,049
 Members' other interests			
Members' capital classified as equity		<u>1,096,319</u>	<u>1,096,319</u>
		<u>5,197,393</u>	<u>4,643,368</u>
 Total members' interests			
Loans and other debts due to members		4,101,074	3,547,049
Members' other interests		<u>1,096,319</u>	<u>1,096,319</u>
		<u>5,197,393</u>	<u>4,643,368</u>

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

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


K S Aarons
Designated member

23 April 2021

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

Cantillon Capital Management LLP

Reconciliation of Members' Interests For the Year Ended 31 December 2020

	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				6,480,895	
Members' interests: balance at 1 January 2019	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
Profit for the year available for discretionary division among members	-	16,568,227	16,568,227	-	16,568,227
Members' interests after profit for the year	1,096,319	16,568,227	17,664,546	3,547,049	21,211,595
Allocated profit for the year	-	(16,568,227)	(16,568,227)	16,568,227	-
Drawings paid to corporate member	-	-	-	(7,815,893)	(7,815,893)
Drawings paid to non-corporate members	-	-	-	(8,198,309)	(8,198,309)
Amounts due from members				-	
Amounts due to members				4,101,074	
Members' interests: balance at 31 December 2020	1,096,319	-	1,096,319	4,101,074	5,197,393

Cantillon Capital Management LLP

Notes to the financial statements For the Year Ended 31 December 2020

1. Accounting policies

1.1. Basis of accounting

Cantillon Capital Management LLP (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 December 2018.

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 judgement in applying the LLP's accounting policies (see note 2).

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.

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 LLP's operations, liquidity, solvency and regulatory capital position. This also includes a reverse stress test to determine the pressures the LLP 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.

Having performed stress testing, management believes regulatory capital requirements will continue to be met, that the LLP continues to have sufficient liquidity to meet its liabilities for the for the next 12 months from the date of this report 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 next 12 months.

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 from its registered office at 4th Floor, Reading Bridge House, George Street, RG1 8LS. Consequently, the LLP, as a qualifying entity, has taken advantage of the following disclosure exemptions available under FRS 102:

- 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.

Cantillon Capital Management LLP

Notes to the financial statements (continued) For the Year Ended 31 December 2020

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 subadvisory fees 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. Subadvisory fees provided by Cantillon Capital LLC ("the LLC") to the LLP are determined as part of a transfer pricing agreement with the LLC. This agreement is reviewed by management on a regular basis to ensure that the fees charged by the LLC are appropriate.

1.4. Expenses

Expenses are accounted for on an accruals basis net of value added tax.

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 2020

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 profit 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 2020

2. Judgements 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.

Critical judgements in applying the entity's accounting policies

The members have not been required to apply any significant judgements in preparing the financial statements for the year ended 31 December 2020 (2019: none).

Critical accounting estimates and assumptions

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.

Impairment of debtors

The LLP makes an estimate of the recoverable value of trade debtors and accrued income. When assessing impairment of trade debtors and accrued income, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. The members are of the opinion that no impairment is required for the year ended 31 December 2020 (2019: £nil).

3. Turnover

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

	2020 £	2019 £
Investment management fees	<u>18,288,137</u>	<u>16,012,772</u>
	<u>18,288,137</u>	<u>16,012,772</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 ultimate parent undertaking and controlling party) in respect of investment support services provided by this entity to the LLP.

Cantillon Capital Management LLP

Notes to the financial statements (continued) For the Year Ended 31 December 2020

4. Operating profit

The operating profit of the LLP is stated after charging:

	2020	2019
	£	£
Fees payable to the LLP's auditor for the audit of the LLP's annual accounts	17,000	15,500
Fees payable to the LLP's auditor for the audit of the LLP's CASS report	3,000	3,000
Foreign exchange loss	<u>160,919</u>	<u>478,950</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, Cantillon Capital Limited 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 other than those related to the CASS report noted above (2019: £nil).

5. Members' remuneration

	2020 Number	2019 Number
Average number of members during the year was:	<u>4</u>	<u>5</u>
	2020 £	2019 £
Profit for the financial year available for discretionary division among members:	<u>16,568,227</u>	<u>13,799,969</u>
	2020 £	2019 £
Amount payable to the highest paid member during the year:	<u>8,369,919</u>	<u>6,319,148</u>

Cantillon Capital Management LLP

Notes to the financial statements (continued) For the Year Ended 31 December 2020

6. Debtors

	2020 £	2019 £
Prepayments	84,190	78,468
Accrued Income	5,263,639	4,783,017
Other debtors	-	15
	<u>5,347,829</u>	<u>4,861,500</u>

7. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	65,193	25,755
Amounts owed to group undertakings (note 8)	1,374,190	2,678,339
Other taxes and social security	187,266	199,011
Accruals and deferred income	<u>201,643</u>	<u>271,999</u>
	<u>1,828,292</u>	<u>3,175,104</u>

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

Amounts due to members, as shown on page 11, rank pari passu with the creditors shown above in respect of priority for repayment should there be a winding up of the LLP.

Cantillon Capital Management LLP

Notes to the financial statements (continued) For the Year Ended 31 December 2020

8. Related party transactions

During the year, the LLP provided transactional support totalling £7,815,893 (2019: £9,252,994) to Cantillon Capital Limited. The LLP allocated profits of £8,369,918 (2019: £6,319,148) to Cantillon Capital Limited on a discretionary basis under the terms of the LLP Deed. As at 31 December 2020 £4,101,074 (2019: £3,547,049) 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 £8,198,309 (2019: £7,480,821) to non-corporate members on a discretionary basis under the terms of the LLP Deed. As at 31 December 2020 £Nil was due to non-corporate members (2019: £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 £12,792,000 (2019: £12,907,075) of fees to CCM LLC, £1,182,556 of which was payable at 31 December 2020 (2019: £2,435,544). As at 31 December 2020, the total amount owed to CCM LLC was £1,374,190 (2019: £2,678,339).

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 11.

9. 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.

10. Subsequent events

There have been no adjusting or non-adjusting subsequent events taken into account in preparing the Statement of Financial Position as at 31 December 2020.