

# AKO Capital LLP

## Report and Financial Statements

28 February 2014



## **AKO Capital LLP**

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Registered No: OC312612

### **Members**

AKO Capital Management Limited  
AKO Foundation Subsidiary Limited (formerly AKO Foundation Trading Limited)  
KAO Corporate Limited  
F Delgado  
A Dubin  
T Eide  
P Hargreaves  
E Karlsson  
I Kryca  
N Lilly  
J Mulvihill  
A Newcombe  
R Pearce  
C Reinecke  
D Sadikovic  
N Staples  
N Tangen  
JL Thiemele  
G Thomassen  
P Towler  
D Woodburn  
M Yates

### **Auditor**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

### **Bankers**

Svenska Handelsbanken AB  
London West End  
5th Floor, 13 Charles II Street  
London, SW1Y 4QU

### **Registered Office**

61 Conduit Street  
London  
W1S 2GB

Registered No: OC312612

## Members' report

The members present their report and the audited financial statements for the year ended 28 February 2014.

### Incorporation and commencement

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

Details of the LLP's Pillar 3 disclosures are available at [www.akocapital.com](http://www.akocapital.com).

### Principal activity

The principal activity of the LLP is to provide investment management services to clients based in the Cayman Islands.

### Results and distributions

The results for the period are shown in the profit and loss account on page 7.

### Going concern

The LLP has sufficient financial resources and ongoing investment management contracts. It continues to operate profitably and the designated members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### Members' profit allocation

Profits for the period were shared among the members as governed by the Partnership Agreement dated 30 November 2011.

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

Policies for members' drawings, subscriptions and repayment of members' capital are governed by the Partnership Agreement.

During the course of the period members will receive priority distributions of pre-specified amounts which they are entitled to take as drawings in equal monthly instalments. They may also, at the discretion of the board, receive and draw further partial allocations against the profit for the period.

Initial capital contributions are required from each member as of the date of their joining the LLP. Except upon the winding up of the LLP or with the prior written consent of the board and where an equal amount is being contemporaneously contributed to the LLP by another member or by a further member and credited to that member's capital contribution account, no members are entitled to the return of any part of their capital whether on their cessation as a member or otherwise.

### Members

The members of the LLP during the period were as follows:

AKO Capital Management Limited

AKO Foundation Subsidiary Limited (formerly AKO Foundation Trading Limited)

KAO Corporate Limited

F Delgado

A Dubin

T Eide (appointed 2 Sep 2013)

P Hargreaves

E Karlsson

I Kryca

T Laxton (resigned 31 May 2013)

Registered No: OC312612

## Members' report

### Members (continued)

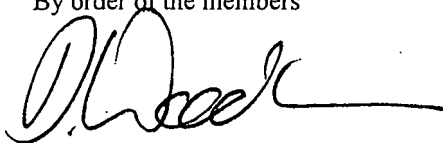
N Lilly  
J Mulvihill  
A Newcombe (appointed 27 Aug 2013)  
R Pearce  
C Reinecke  
D Sadikovic  
N Staples  
N Tangen  
JL Thiemele (appointed 2 Jan 2014)  
G Thomassen  
P Towler  
D Woodburn  
M Yates

N Tangen and D Woodburn are designated members.

### Auditor

Ernst & Young LLP have been appointed as auditor of the LLP. In accordance with S.485 of the Companies Act 2006 a resolution is to be proposed for the reappointment of Ernst & Young LLP as auditor of the LLP.

By order of the members



David Woodburn  
Designated Member  
2 May 2014

## Statement of members' responsibilities

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

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) regulations 2008 made under the Limited Liability Partnership Act 2000 requires the members to prepare Financial Statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under the relevant legislation the 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 period.

In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

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

# **Independent auditor's report**

## **to the members of AKO Capital LLP**

We have audited the financial statements of AKO Capital LLP for the year ended 28 February 2014 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Statement of Cash Flows and the related notes 1 to 12. 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).

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 by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of members and auditor**

As explained more fully in the Statement of members' responsibilities set out on page 4, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the limited liability partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the designated members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the limited liability partnership's affairs as at 28 February 2014 and of its profit for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

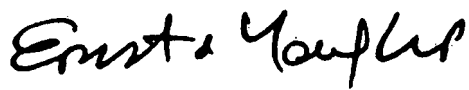
## Independent auditor's report

to the members of AKO Capital LLP (continued)

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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



Ashley Coups (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

7 May 2014

## Profit and loss account

for the year ended 28 February 2014

	Notes	2014 £	2013 £
<b>Income</b>			
Management and performance fees	2	96,622,135	161,169,839
<b>Expenses</b>			
Distribution costs		3,711,279	8,467,045
Expenses reimbursed to AKO Capital Management Limited		4,328,929	3,391,992
<b>Operating profit</b>	3	88,581,927	149,310,802
Interest receivable		-	3,161
Interest payable		(4,145)	(828)
Profit or loss for the financial period before members' remuneration and profit shares		88,577,782	149,313,135
Members' remuneration charged as an expense		(1,423,610)	(1,329,566)
Profit or loss for the financial period available for discretionary division among members		87,154,172	147,983,569

All amounts are in respect of continuing activities.

## Statement of total recognised gains and losses

There were no recognised gains and losses in the period or previous period other than the profit for the year.

The notes on pages 10 to 14 form an integral part of these financial statements.



**Balance sheet**

at 28 February 2014

	<i>Notes</i>	<i>2014</i> £	<i>2013</i> £
<b>Current assets</b>			
Debtors	5	6,357,380	6,815,412
Cash		5,811,387	14,285,798
		<u>12,168,767</u>	<u>21,101,210</u>
<b>Current liabilities</b>			
<b>Creditors:</b> amounts falling due within one year	6	8,888,518	17,545,358
		<u>3,280,249</u>	<u>3,555,852</u>
<b>Net assets attributable to members</b>			
		<u><u>3,280,249</u></u>	<u><u>3,555,852</u></u>
<b>Represented by:</b>			
<b>Equity</b>			
Members' capital classified as equity under FRS 25	8	1,398,000	1,283,000
Other reserves - retained profit	8	1,882,249	2,272,852
		<u>3,280,249</u>	<u>3,555,852</u>
		<u><u>3,280,249</u></u>	<u><u>3,555,852</u></u>
<b>Total members' interests</b>			
	<i>Note</i>	<i>2014</i> £	<i>2013</i> £
Loans and other debts due to members	8	7,062,602	16,690,294
Members' other interests	8	3,280,249	3,555,852
Members' total interests	8	<u>10,342,851</u>	<u>20,246,146</u>
		<u><u>10,342,851</u></u>	<u><u>20,246,146</u></u>

The financial statements on pages 7 to 14 were approved by the members on 2 May 2014 and signed on their behalf by



David Woodburn  
Designated Member

The notes on pages 10 to 14 form an integral part of these financial statements.

## Statement of cash flows

for the year ended 28 February 2014

		2014	2013
	Notes	£	£
<i>Net cash inflow/(outflow) from operating activities</i>	9(a)	90,010,811	146,512,990
<i>Returns on investments and servicing of finance</i>	9(b)	(4,145)	2,333
<i>Transactions with members</i>	9(b)	(98,481,077)	(135,043,746)
<i>(Decrease)/increase in cash</i>	9(c)	(8,474,411)	11,471,577

The notes on pages 10 to 14 form an integral part of these financial statements.

# Notes to the financial statements

at 28 February 2014

## 1. Accounting policies

### Basis of accounting

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with applicable UK accounting standards and in accordance with the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' (SORP) issued in March 2010.

### Turnover

Income, which is stated net of value added tax, represents fees receivable from investment management services. Fee income is recognised when the LLP obtains the right to consideration in exchange for its performance of services.

### Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken to the profit and loss account.

### Members' participation rights

Non-discretionary amounts that become due to members in respect of participation rights in the profits of the LLP for the financial period and which give rise to liabilities are presented as an expense within the profit and loss account. Amounts becoming due to members in respect of equity participation rights following a discretionary division of profits are debited directly to reserves in the period in which the division occurs.

### Taxation

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

### Expenses

Expenses are recognised on an accrual basis.

## 2. Income

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

## 3. Operating profit

This is stated after charging:

	2014	2013
	£	£
Auditors' remuneration:		
Fees payable to auditor for audit of financial statements	—	—
Fees payable to auditor for non-audit services	—	—
Tax services	—	—
	<u>          </u>	<u>          </u>

Costs associated with the audit of AKO Capital LLP of £12,500 (2013 - £12,500) are paid by AKO Capital Management Limited and are included in the financial statements of that company.

## Notes to the financial statements

at 28 February 2014

### 4. Members' remuneration

	2014 £	2013 £
Profit attributable to member with largest entitlement to profit	41,015,795	84,005,871

For the purpose of the above disclosure entitlements to profits are calculated as the sum of the non discretionary amounts charged in the profit and loss account and the discretionary divisions of profits debited directly to reserves in the period.

The average number of members in the period was 20 (2013 - 18).

### 5. Debtors

	2014 £	2013 £
Trade debtors	5,715,879	6,296,272
Advances to members	-	180,000
Amounts owed by related parties (see note 7)	641,501	339,140
	<u>6,357,380</u>	<u>6,815,412</u>

### 6. Creditors: amounts falling due within one year

	2014 £	2013 £
Loans and other debts due to members		
- advanced by members by way of loan	15,674	15,884
- owed to members in respect of profit allocations	7,046,928	16,854,410
	<u>7,062,602</u>	<u>16,870,294</u>
Amounts owed to related parties (see note 7)	1,825,916	675,064
	<u>8,888,518</u>	<u>17,545,358</u>

Loans and other debts due to members' are unsecured and would rank equally in relation to other such creditors in the event of a winding up.

## Notes to the financial statements

at 28 February 2014

### 7. Balances with related parties

<i>Entity</i>	<i>Incorporated</i>	<i>2014</i> £	<i>2013</i> £
<i>Amounts receivable</i>			
AKO Capital (Jersey) Limited	Jersey	41,000	41,000
AKO Capital Management Limited	United Kingdom	600,501	298,140
		<u>641,501</u>	<u>339,140</u>
<i>Amounts payable</i>			
AKO Capital (Jersey) Limited	Jersey	1,825,916	675,064
		<u>1,825,916</u>	<u>675,064</u>

### 8. Reconciliation of movements in members' other and members' total interests

Year ended 28 February 2014

	<i>Members'</i> <i>capital</i> £	<i>Other</i> <i>reserves</i> £	<i>Total</i> <i>members'</i> <i>other</i> <i>interests</i> £	<i>Loans and</i> <i>other debts</i> <i>due to</i> <i>members less</i> <i>advances</i> £	<i>Members'</i> <i>total</i> <i>interests</i> £
At 28 February 2013	1,283,000	2,272,852	3,555,852	16,690,294	20,246,146
Members' remuneration charged as an expense	–	–	–	1,423,610	1,423,610
Profit or loss for the financial period available for discretionary division among members	–	87,154,172	87,154,172	–	87,154,172
Members' interests after profit for the period	1,283,000	89,427,024	90,710,024	18,113,904	108,823,928
Profit allocations	–	(87,544,775)	(87,544,775)	87,544,775	–
Introduced by members	115,000	–	115,000	–	115,000
Distributions	–	–	–	(98,596,077)	(98,596,077)
At 28 February 2014	<u>1,398,000</u>	<u>1,882,249</u>	<u>3,280,249</u>	<u>7,062,602</u>	<u>10,342,851</u>

On 1 March 2013 KAO Corporate Limited contributed £4,029,748 of Special Capital for the purposes of the AKO Member Retention and Incentivisation Plan. On 1 April 2013 this Special Capital was reallocated to other Members and was subsequently withdrawn by these Members effective 1 May 2013. On 23 April 2013 KAO Corporate Limited contributed a further £132,767 of Special Capital for the purposes of the AKO Member Retention and Incentivisation Plan. This Special Capital was reallocated to another Member and was subsequently withdrawn by that Member effective 1 May 2013.

## Notes to the financial statements

at 28 February 2014

### 8. Reconciliation of movements in members' other and members' total interests (continued)

Year ended 28 February 2013

	Members' capital £	Other reserves £	Total members' other interests £	Loans and other debts due to members less advances £	Members' total interests £
At 29 February 2012	1,028,000	1,330,843	2,358,843	3,617,914	5,976,757
Members' remuneration charged as an expense	–	–	–	1,329,566	1,329,566
Profit or loss for the financial period available for discretionary division among members	–	147,983,569	147,983,569	–	147,983,569
Members' interests after profit for the period	1,028,000	149,314,412	150,342,412	4,947,480	155,289,892
Profit allocations	–	(147,041,560)	(147,041,560)	147,041,560	–
Introduced by members	255,000	–	255,000	–	255,000
Distributions	–	–	–	(135,298,746)	(135,298,746)
At 28 February 2013	1,283,000	2,272,852	3,555,852	16,690,294	20,246,146

### 9. Notes to the statement of cash flows

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

	2014 £	2013 £
Operating profit	88,581,927	149,310,802
Decrease/ (increase) in debtors	278,032	(2,786,787)
Increase/(decrease) in creditors	1,150,852	(11,025)
	90,010,811	146,512,990

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

	2014 £	2013 £
<b>Returns on investments and servicing of finance:</b>		
Interest received	–	3,161
Interest paid	(4,145)	(828)
	(4,145)	2,333

## Notes to the financial statements

at 28 February 2014

### 9. Notes to the statement of cash flows (continued)

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

	2014	2013
	£	£
<b>Transactions with Members:</b>		
Payments to members – distributions	(98,596,077)	(135,298,746)
Payments to members – Special Capital withdrawal	(2,440,433)	-
Contributions by members – capital	115,000	255,000
Contributions by members – Special Capital	2,440,433	-
	<u>(98,481,077)</u>	<u>(135,043,746)</u>

(c) Analysis of changes in net funds

	At 28 February 2013 £	Cash flows £	At 28 February 2014 £
Cash at bank	14,285,798	(8,474,411)	5,811,387

### 10. Related parties

AKO Capital Management Limited is a member of the LLP. During the period the LLP reimbursed AKO Capital Management Limited £4,328,929 (2013 - £3,391,992) for expenses it had incurred on behalf of the LLP.

Expenses include £3,711,279 (2013 - £8,467,045) of marketing and distribution fees paid to AKO Capital (Jersey) Limited, which is a related party and the parent undertaking of AKO Capital Management Limited.

Amounts owed to and by these related parties are shown in note 7 above.

### 11. Subsequent events

On 1 March 2014 KAO Corporate Limited contributed £57,702,471 of Special Capital for the purposes of the AKO Member Retention and Incentivisation Plan. On 1 April 2014 this Special Capital was reallocated to other Members and was subsequently withdrawn by these Members effective 1 May 2014.

### 12. Ultimate controlling party

N Tange is the ultimate controlling party.

**LIMITED ASSURANCE REPORT ON CLIENT ASSETS BY THE INDEPENDENT AUDITOR  
TO THE FINANCIAL CONDUCT AUTHORITY IN RESPECT OF AKO CAPITAL LLP, FIRM  
REFERENCE NUMBER: 431687**

We report in respect of AKO Capital LLP ("the firm") on the matters set out below for the period started 1 March 2013 and ended 28 February 2014 ("the period").

Our report has been prepared as required by SUP 3.10.4R and is addressed to the Financial Conduct Authority ("the FCA") in its capacity as regulator of financial services firms under the Financial Services and Markets Act 2000.

**Basis of opinion**


We have carried out such procedures as we considered necessary for the purposes of this report in accordance with the guidance set out in Bulletin 2011/2 and Bulletin 3 issued by the Financial Reporting Council.

The opinion relates only to the period, or as at the date, specified. The opinion does not provide assurance in relation to any future period or date.

**Clean opinion**

The scope of the firm's permissions did not allow it to hold client money or custody assets.

The members of the firm have stated that the firm did not hold client money or custody assets during the period. Based on review procedures performed, nothing has come to our attention that causes us to believe that the firm held client money or custody assets during the period.



Ashley Coups

For and behalf of Ernst & Young LLP  
London

Date: 7 May 2014