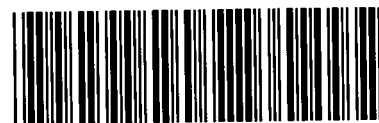


Registered number: 02909193

**Egerton Capital Limited**  
**Consolidated Report and Financial Statements**  
**For the Year Ended 31 March 2019**

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**Egerton Capital Limited**

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**Company Information**

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<b>Directors</b>	J C Armitage J J Blumberg G N Dawson R Kanza
<b>Registered number</b>	02909193
<b>Registered office</b>	Stratton House 5 Stratton Street London W1J 8LA
<b>Independent auditors</b>	Ernst & Young LLP 25 Churchill Place London E14 5EY
<b>Bankers</b>	Barclays Bank plc London EC4Y 1ET
<b>Solicitors</b>	Simmons & Simmons CityPoint 1 Ropemaker Street London EC2Y 9SS

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**Egerton Capital Limited**

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## **Egerton Capital Limited**

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### **Group Strategic Report For the Year Ended 31 March 2019**

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#### **Introduction**

The directors present their group strategic report and the consolidated audited financial statements of Egerton Capital Limited (the "Company") and its subsidiary undertakings; Egerton Capital (UK) LLP (the "LLP"), Egerton Capital (US), LP (the "US LP") and Egerton Capital (US) GP, LLC (the "GP LLC") (collectively "the Group") for the year ended 31 March 2019.

#### **Business review**

The principal activity of the Company during the year was the provision of property and employment services to the LLP. The principal activity of the Group during the year was the provision of investment management services. The LLP is regulated by the Financial Conduct Authority ("the FCA") and registered with the Securities and Exchange Commission.

Egerton Capital (US) GP, LLC, a subsidiary incorporated in the United States acts as general partner to Egerton Capital (US), LP, an entity incorporated in the United States. Egerton Capital (US), LP provides investment research and non-discretionary investment advisory services to the LLP.

The profit of the Group for the year, after taxation, amounted to £151,738,972 (2018: £217,767,690).

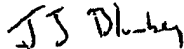
#### **Principal risks and uncertainties**

The Group is committed to reviewing risks to its business on an ongoing basis. The Group's principal risks and uncertainties are the performance of the funds managed by the LLP and the effect that poor performance has on attracting and retaining investors, the tax and regulatory regimes in which the group operate and attracting and retaining the services of key investment personnel. The Group operates systems and controls to mitigate the range of risks that it faces, including a risk register covering all business and operational risk which is reviewed on a regular basis and a comprehensive business continuity plan. The Group is not exposed to any significant price, credit, liquidity, cash flow or operational risk.

#### **Key performance indicators**

The Company's activities relate directly to those of its subsidiary, Egerton Capital (UK) LLP, and its key performance indicators are therefore linked to those of the subsidiary. These relate to the performance of the funds managed and the growth of funds under management. Given the straightforward nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

This report was approved by the board on **30 September** 2019 and signed on its behalf by



**J J Blumberg**  
Director

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**Egerton Capital Limited**

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**Directors' Report  
For the Year Ended 31 March 2019**

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The directors present their report and the financial statements for the year ended 31 March 2019.

**Results and dividends**

The Group profit for the year, after taxation, amounted to £151,738,972 (2018: £217,767,690).

The directors do not recommend the payment of a dividend (2018: £nil).

**Principal risks and uncertainties**

The Group's income is in the form of management and performance fees in respect of its funds under management. The Group considers the level and performance of funds under management to be the key performance indicator. The business is subject to the impact of risks associated with market and investment performance on the funds under management and to the risks associated with the tax and regulatory regimes within which the business operates. The Group continues to closely monitor the potential outcome of Brexit and the impact to the Group. The Group believes it has sufficient contingency plans to mitigate the risks associated with Brexit.

**Directors**

The directors who served during the year and up to the date of this report were:

J C Armitage  
J J Blumberg  
G N Dawson  
R Kanza

**Going concern**

The Group has sufficient liquid resources and the business has ongoing investment management contracts. The directors therefore believe that the Group has sufficient financial resources to meet its obligations and liabilities as they fall due and to continue in operational existence for the foreseeable future, being a period of 12 months from the date of this report.

After carrying out sensitivity analysis, the directors believe that the Group is well placed to manage its business risks successfully in the current economic climate. Accordingly, they adopt the going concern basis in preparing the annual report and consolidated financial statements.

**Disclosure of information to auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

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**Egerton Capital Limited**

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**Directors' Report  
For the Year Ended 31 March 2019**

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**Auditors**

Under section 487(2) of the Companies Act 2006, Ernst & Young LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on *20 September* 2019 and signed on its behalf by

*J J Blumberg*

**J J Blumberg  
Director**

**Directors' Responsibilities Statement  
For the Year Ended 31 March 2019**

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The directors are responsible for preparing the Group Strategic report, Directors' report and the Group Financial Statements in accordance with applicable law and regulations.

UK company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors 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 Company and the Group and of the profit or loss of the Company and the Group for that period.

In preparing those financial statements, the directors 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 Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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**Egerton Capital Limited**

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**Independent Auditor's Report to the Shareholders of Egerton Capital Limited**

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**Opinion**

We have audited the financial statements of Egerton Capital Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, and Consolidated Statement of Cash Flows and the related notes 1 to 20, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent company's affairs as at 31 March 2019 and of the group's 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.

**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 group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company'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.



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**Egerton Capital Limited**

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**Independent Auditor's Report to the Shareholders of Egerton Capital Limited**

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**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 directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, 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.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 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 parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 4, the directors 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 directors 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 directors are responsible for assessing the group's and the parent company'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 directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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**Egerton Capital Limited**

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**Independent Auditor's Report to the Shareholders of Egerton Capital Limited**

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**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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Ahmer Huda (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP,  
London

Date: 1 October 2019

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**Egerton Capital Limited**

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**Consolidated Statement of Comprehensive Income  
For the Year Ended 31 March 2019**

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	Note	2019 £	2018 £
Turnover	3	162,615,992	229,443,408
Administrative expenses		(11,497,319)	(12,141,051)
Other operating income	4	309,296	308,610
Fair value movements		303,850	187,663
<b>Operating profit</b>	5	<b>151,731,819</b>	<b>217,798,630</b>
Interest receivable and similar income	8	97,585	41,706
<b>Profit before taxation</b>		<b>151,829,404</b>	<b>217,840,336</b>
Tax on profit	9	(90,432)	(72,646)
<b>Profit for the year</b>		<b><u>151,738,972</u></b>	<b><u>217,767,690</u></b>
Foreign currency differences		633,164	(1,122,191)
<b>Other comprehensive income for the year</b>		<b>633,164</b>	<b>(1,122,191)</b>
<b>Total comprehensive income for the year</b>		<b><u>152,372,136</u></b>	<b><u>216,645,499</u></b>
<b>Profit for the year attributable to:</b>			
Non-controlling interests		151,354,391	217,470,531
Owners of the parent Company		384,581	297,159
		<b><u>151,738,972</u></b>	<b><u>217,767,690</u></b>
<b>Total comprehensive income attributable to:</b>			
Non-controlling interest		151,354,391	217,470,531
Owners of the parent Company		1,017,745	(825,032)
		<b><u>152,372,136</u></b>	<b><u>216,645,499</u></b>

All activities are in respect of continuing activities. The notes on pages 15 to 29 form part of these financial statements.

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**Egerton Capital Limited**

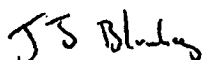
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**Consolidated Statement of Financial Position  
As at 31 March 2019**

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	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible fixed assets	11	217,574	245,088
Investments	12	2,575,720	2,271,870
		<u>2,793,294</u>	<u>2,516,958</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	13	16,302,042	18,981,424
Cash at bank and in hand	14	19,322,824	18,785,112
		<u>35,624,866</u>	<u>37,766,536</u>
Creditors: amounts falling due within one year	15	(4,202,185)	(3,881,952)
<b>Net current assets</b>		<u>31,422,681</u>	<u>33,884,584</u>
<b>Net assets</b>		<u><u>34,215,975</u></u>	<u><u>36,401,542</u></u>
<b>Capital and reserves</b>			
Called up share capital	17	750,000	750,000
Translation reserve		45,853	(587,311)
Retained earnings		8,520,612	8,136,031
<b>Equity attributable to owners of the parent Company</b>		<u>9,316,465</u>	<u>8,298,720</u>
Non-controlling interests		24,899,510	28,102,822
		<u><u>34,215,975</u></u>	<u><u>36,401,542</u></u>

The financial statements were approved and authorised for issue by the board on 30 September 2019 and were signed on its behalf by:



**J J Blumberg**  
Director

The notes on pages 15 to 29 form part of these financial statements.

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**Egerton Capital Limited**

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**Company Statement of Financial Position  
As at 31 March 2019**

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	Note	2019 £	2018 £
<b>Fixed assets</b>			
Investments	12	7,605,324	7,301,474
		<u>7,605,324</u>	<u>7,301,474</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	13	1,087,137	1,698,197
Cash at bank and in hand	14	1,466,712	1,134,629
		<u>2,553,849</u>	<u>2,832,826</u>
Creditors: amounts falling due within one year	15	(888,561)	(1,248,269)
<b>Net current assets</b>		<u>1,665,288</u>	<u>1,584,557</u>
<b>Net assets</b>		<u>9,270,612</u>	<u>8,886,031</u>
<b>Capital and reserves</b>			
Called up share capital	17	750,000	750,000
Retained earnings		8,520,612	8,136,031
		<u>9,270,612</u>	<u>8,886,031</u>

The Company profit for the year, after taxation, amounted to £384,581 (2018: £297,159).

The financial statements were approved and authorised for issue by the board on *30 September* 2019 and were signed on its behalf by:

*J J Blumberg*

**J J Blumberg**  
Director

The notes on pages 15 to 29 form part of these financial statements.

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**Egerton Capital Limited**

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**Consolidated Statement of Changes in Equity  
For the Year Ended 31 March 2019**

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	Share capital	Translation reserve	Retained earnings	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£	£	£	£	£	£
At 1 April 2018	750,000	(587,311)	8,136,031	8,298,720	28,102,822	36,401,542
Profit for the year	-	-	384,581	384,581	151,354,391	151,738,972
Foreign currency differences	-	633,164	-	633,164	-	633,164
<b>Total comprehensive income for the year</b>	-	633,164	384,581	1,017,745	151,354,391	152,372,136
Payments to non-controlling interests	-	-	-	-	(154,577,703)	(154,577,703)
Capital contributions by non-controlling interests	-	-	-	-	30,000	30,000
Capital repaid to non-controlling interests	-	-	-	-	(10,000)	(10,000)
<b>At 31 March 2019</b>	<u>750,000</u>	<u>45,853</u>	<u>8,520,612</u>	<u>9,316,465</u>	<u>24,899,510</u>	<u>34,215,975</u>

The notes on pages 15 to 29 form part of these financial statements.

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**Egerton Capital Limited**

---

**Consolidated Statement of Changes in Equity  
For the Year Ended 31 March 2018**

---

	Share capital	Translation reserve	Retained earnings	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£	£	£	£	£	£
At 1 April 2017	750,000	534,880	7,838,872	9,123,752	20,281,568	29,405,320
Profit for the year	-	-	297,159	297,159	217,470,531	217,767,690
Foreign currency differences	-	(1,122,191)	-	(1,122,191)	-	(1,122,191)
<b>Total comprehensive income for the year</b>	-	(1,122,191)	297,159	(825,032)	217,470,531	216,645,499
Payments to non-controlling interests	-	-	-	-	(209,659,277)	(209,659,277)
Capital contributions by non-controlling interests	-	-	-	-	10,000	10,000
<b>At 31 March 2018</b>	<b><u>750,000</u></b>	<b><u>(587,311)</u></b>	<b><u>8,136,031</u></b>	<b><u>8,298,720</u></b>	<b><u>28,102,822</u></b>	<b><u>36,401,542</u></b>

The notes on pages 15 to 29 form part of these financial statements.

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**Egerton Capital Limited**

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**Company Statement of Changes in Equity  
For the Year Ended 31 March 2019**

---

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 April 2018	<u>750,000</u>	<u>8,136,031</u>	<u>8,886,031</u>
Total comprehensive income for the year	-	384,581	384,581
At 31 March 2019	<u>750,000</u>	<u>8,520,612</u>	<u>9,270,612</u>

**Company Statement of Changes in Equity  
For the Year Ended 31 March 2018**

---

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 April 2017	750,000	7,838,872	8,588,872
Total comprehensive income for the year	-	297,159	297,159
At 31 March 2018	<u>750,000</u>	<u>8,136,031</u>	<u>8,886,031</u>

The notes on pages 15 to 29 form part of these financial statements.



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**Egerton Capital Limited**

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**Consolidated Statement of Cash Flows  
For the Year Ended 31 March 2019**

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	2019 £	2018 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	151,738,972	217,767,690
<b>Adjustments for:</b>		
Depreciation of tangible fixed assets	115,501	112,389
Interest received	(97,585)	(41,706)
Taxation	90,432	72,646
Decrease/(increase) in debtors	2,679,382	(3,986,711)
Increase in creditors	299,789	2,372,057
Net fair value gains recognised in P&L	(303,850)	(187,663)
Corporation tax paid	(69,988)	(167,527)
<b>Net cash generated from operating activities</b>	<b>154,452,653</b>	<b>215,941,175</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(84,727)	(62,598)
Interest received	97,585	41,706
<b>Net cash generated/(used in) investing activities</b>	<b>12,858</b>	<b>(20,892)</b>
<b>Cash flows from financing activities</b>		
Capital contributions by non-controlling interests	30,000	10,000
Capital repaid to non-controlling interest	(10,000)	-
Transactions with non-controlling interests	(154,577,703)	(209,659,277)
<b>Net cash used in financing activities</b>	<b>(154,557,703)</b>	<b>(209,649,277)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(92,192)</b>	<b>6,271,006</b>
Cash and cash equivalents at beginning of year	18,785,112	13,631,196
Foreign exchange gains and losses	629,904	(1,117,090)
<b>Cash and cash equivalents at the end of year</b>	<b>19,322,824</b>	<b>18,785,112</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	8,048,202	7,701,415
Short term deposits	11,274,622	11,083,697
	<b>19,322,824</b>	<b>18,785,112</b>

The notes on pages 15 to 29 form part of these financial statements.

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**Egerton Capital Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 March 2019**

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**1. General information**

Egerton Capital Limited (the "Company"), is a limited liability company registered in England. The registered office is Stratton House, 5 Stratton Street, London, W1J 8LA.

**2. Accounting policies****2.1 Basis of preparation of financial statements**

The financial statements have been prepared 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 and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires management to exercise judgment in applying the entity's accounting policies although management have not had to exercise a significant degree of judgement in applying the accounting policies.

The following principal accounting policies have been applied:

**2.2 Basis of consolidation**

The consolidated financial statements present the results of Egerton Capital Limited and its subsidiaries; Egerton Capital (UK) LLP, Egerton Capital (US) GP, LLC and Egerton Capital (US), LP, ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

**2. Accounting policies (continued)**

**2.3 Foreign currency translation**

**Functional and presentation currency**

The company's functional and presentational currency is British Pounds Sterling.

**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.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

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 within administrative expenses.

**2.4 Key judgement and estimates**

In applying the group's accounting policies, the directors may be required to make judgements and estimates that could impact the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses during the year.

The directors' estimates are based on evidence available at the time; including historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such estimates, the actual results and outcomes may differ. Estimates are reviewed on an on-going basis and revisions to accounting estimates are recognised in the year in which the estimate is revised.

The directors are not aware of any significant sources of estimation uncertainty in the preparation of these financial statements.

**2.5 Turnover and revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable net of rebates, excluding value added tax and other sales taxes.

Fees, and rebates on those fees, are recognised when the Group obtains the right for consideration in exchange for its performance of services.

**2. Accounting policies (continued)**

**2.6 Expenses**

Expenses incurred have been recognised on an accruals basis within the Statement of Comprehensive Income.

**2.7 Operating leases**

Operating leases are those leases where the Group has use of an asset but where significantly all risks and rewards of ownership remain with the lessor and the lease term is not expected to be a significant portion of the useful life of the asset.

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease. Any incentives to enter into an operating lease are credited to the Statement of Comprehensive Income as a reduction of the rental expense on a straight line basis over the term of the lease.

**2.8 Pensions**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

**2.9 Interest income**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

**2.10 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

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**Egerton Capital Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 March 2019**

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**2. Accounting policies (continued)****2.10 Current and deferred taxation (continued)**

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**Notes to the Financial Statements  
For the Year Ended 31 March 2019**

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**2. Accounting policies (continued)**

**2.11 Financial instruments**

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties; loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets measured at fair value through profit and loss, are initially measured at transaction price. The fair value is reassessed at the end of each reporting period, any gains or losses on remeasurement are recognised in the Statement of Comprehensive Income.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2.12 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- over the term of the lease
Furniture	- over 5 years
Office equipment	- over 3 years
Computer and telephone equipment	- over 3 years
Paintings (Included within furniture)	are not depreciated

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the Statement of Comprehensive Income.

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**Egerton Capital Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 March 2019**

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**2. Accounting policies (continued)****2.13 Investments**

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted shares, whose market value can be reliably determined, are remeasured to fair value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. (Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.)

**2.14 Debtors**

Short term debtors are measured at transaction price, 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.

**2.15 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.

**2.16 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.17 Non-controlling interest**

Non-controlling interests represent capital contributions made by the LLP members and profits attributable to those members. The capital amounts and profits are governed by the Members' Agreement.

**3. Turnover**

Turnover is attributable to one continuing activity, the provision of investment management services.

Analysis of turnover by country of destination:

	2019	2018
	£	£
British Virgin Islands	21,421,341	60,399,403
Europe	87,532,208	105,463,523
Delaware	53,662,443	63,580,482
	<u>162,615,992</u>	<u>229,443,408</u>

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**Egerton Capital Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 March 2019**

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**4. Other operating income**

	2019 £	2018 £
Sublease income receivable	309,296	308,610
	<u>309,296</u>	<u>308,610</u>

**5. Operating profit**

The operating profit is stated after charging/(crediting):

	2019 £	2018 £
Depreciation of tangible fixed assets	115,501	112,389
Auditor's remuneration:		
- fees payable to auditor for audit of financial statements	51,400	37,000
• Egerton Capital (UK) LLP	24,255	
• Egerton Capital Limited	12,145	
• Egerton Capital (US) GP, LLC	6,000	
• Egerton Capital (US), LP	9,000	
Exchange differences	(14,427)	(1,234,095)
Other operating lease rentals	1,246,978	1,259,743
Defined contribution pension cost	125,472	126,175

**6. Employees**

Staff costs, excluding directors' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	2,268,942	2,817,688
Social security costs	308,743	372,113
Pension costs	125,472	126,175
	<u>2,703,157</u>	<u>3,315,976</u>

The average monthly number of employees, excluding the directors, during the year was as follows:

	2019 No.	2018 No.
Fund management	1	3
Administration	<u>24</u>	<u>22</u>
	<u>25</u>	<u>25</u>



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**Egerton Capital Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 March 2019**

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**7. Directors' remuneration**

Remuneration paid to directors in respect of services to the Company are treated as administrative expenses in the consolidated financial statements. Remuneration and profit distributions paid to directors in their capacity as members of Egerton Capital (UK) LLP are classified as distributions to minority interests in the consolidated financial statements.

	2019 £	2018 £
Directors' emoluments	60,000	60,000
	<u>60,000</u>	<u>60,000</u>

No contributions were made to the money purchase pension scheme on behalf of directors (2018: £nil).

**8. Interest receivable**

	2019 £	2018 £
Bank interest receivable	97,585	41,706
	<u>97,585</u>	<u>41,706</u>

**9. Taxation**

	2019 £	2018 £
<b>Corporation tax</b>		
Current UK tax on profits for the year	90,098	72,030
Overseas taxation	334	616
Adjustments in respect of previous periods	-	-
	<u>90,432</u>	<u>72,646</u>
<b>Total current tax</b>	<u>90,432</u>	<u>72,646</u>
<b>Deferred tax</b>		
Origination of timing differences	-	-
Effects of changes in tax rate on opening liability	-	-
<b>Total deferred tax</b>	<u>-</u>	<u>-</u>
<b>Taxation on profit on ordinary activities</b>	<u>90,432</u>	<u>72,646</u>

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**Egerton Capital Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 March 2019**

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**9. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>151,829,404</u>	<u>217,840,336</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	28,847,587	41,389,664
<b>Effects of:</b>		
Adjustments for minority interests	(28,756,475)	(41,319,827)
Disallowed expenses and non-taxable income	(145)	1,826
Origination and reversal of timing differences	-	-
Effects of changes in tax rates	-	-
Profit subject to foreign taxation	(589)	925
Adjustments in respect of prior years	54	58
<b>Total tax charge for the year</b>	<u><u>90,432</u></u>	<u><u>72,646</u></u>

**Factors that may affect future tax charges**

The company has an unrecognised deferred tax asset in respect of capital losses carried forward of £27,604 (2018: £27,604). The asset is not recognised as it is not considered more likely than not that there will be suitable taxable profits in the future against which the asset can be offset.

The UK Government announced as part of the Finance (No 2) Act 2015, which received Royal Assent on 18 November 2015, to reduce the main rate of Corporation Tax rate to 18% from 1 April 2020. Starting 1 April 2020, in the 2016 Finance Bill, the UK Government announced a further reduction to the Corporation Tax main rate for the year to 17%. The reduced rates of UK corporation tax will affect future corporation tax payments to be made by the Group.

**10. Parent company profit for the year**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the year was £384,581 (2018: £297,159).

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**Egerton Capital Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 March 2019**

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**11. Tangible fixed assets****Group**

	Fixtures and fittings £	Office equipment £	Computer equipment £	Leasehold improvements £	Total £
<b>Cost or valuation</b>					
At 1 April 2018	560,981	21,114	1,014,033	1,392,136	2,988,264
Additions	27,978	-	56,749	-	84,727
Foreign currency adjustments	4,071	-	1,334	-	5,405
At 31 March 2019	593,030	21,114	1,072,116	1,392,136	3,078,396
<b>Depreciation</b>					
At 1 April 2018	441,019	21,114	935,039	1,346,004	2,743,176
Charge owned for the period	45,964	-	55,990	13,547	115,501
Foreign currency adjustments	1,062	-	1,083	-	2,145
At 31 March 2019	488,045	21,114	992,112	1,359,551	2,860,822
<b>Net book value</b>					
At 31 March 2019	<u>104,985</u>	<u>-</u>	<u>80,004</u>	<u>32,585</u>	<u>217,574</u>
At 31 March 2018	<u>119,962</u>	<u>-</u>	<u>78,994</u>	<u>46,132</u>	<u>245,088</u>

**12. Fixed asset investments****Group**

The Group uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Group does not have any investments categorised under level 1 or 2. The investments above comprise the amounts invested in a single fund, the fair value of which has been based on the level 3 inputs.

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**Egerton Capital Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 March 2019**

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**12. Fixed asset investments (continued)**

	Unlisted investments £
<b>Cost or valuation</b>	
At 1 April 2018	2,271,870
Fair value remeasurement	303,850
At 31 March 2019	<u>2,575,720</u>

Unlisted investments comprise the Company's investment in Egerton Capital Partners, L.P ("ECP") which is measured at fair value through profit and loss. Fair value is based on the underlying Net Asset Value. No liquidity adjustments to the fair value have been made in respect to the underlying investments. The Company's investment is exposed to market risks as ECP trades in markets and the investment is held in US Dollars and the valuation will be affected by the strengthening or weakening of this currency.

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

**Direct subsidiary undertakings:**

Name	Country of incorporation	Class of shares	Holding	Principal activity
Egerton Capital (UK) LLP	United Kingdom	Member's Capital	76 %	Provision of investment management services. Holder of 100% of the share capital of Egerton Capital (US) GP, LLC.

**Indirect subsidiary undertakings:**

Name	Country of incorporation	Class of shares	Holding	Principal activity
Egerton Capital (US) GP, LLC	United States	Ordinary	0 %	To act as corporate partner to Egerton Capital (US), LP in which it owns 99.9%.
Egerton Capital (US), LP	United States	Partner's Capital	0 %	Provision of investment research and non-discretionary advisory services.

The Company has direct control of the LLP in which it owns 76% of the LLP and has control over the entity. The LLP in turn has control of the GP LLC and the GP LLC has control over the US LP. Therefore the Company holds indirect control of both the GP LLC and the US LP as outlined above.

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**Egerton Capital Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 March 2018**

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**12. Fixed asset investments (continued)**

The aggregate of the share capital and reserves as at 31 March 2019 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of: capital and reserves £	Profit/(loss) £
Egerton Capital (UK) LLP	5,269,604	142,055,162
Egerton Capital (US) GP, LLC	8,064	5,407
Egerton Capital (US), LP	4,248,488	9,545,244
	<u>9,526,156</u>	<u>151,605,813</u>

**Company**

	Investments in subsidiary companies £	Unlisted investments £	Total £
<b>Cost or valuation</b>			
At 1 April 2018	5,029,604	2,271,870	7,301,474
Fair value remeasurement	-	303,850	303,850
At 31 March 2019	<u>5,029,604</u>	<u>2,575,720</u>	<u>7,605,324</u>

**13. Debtors**

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	-	93,148	-	93,148
Amounts owed by related undertakings	-	1,541,900	-	-
Amounts due from members	10,833	51,386	-	-
Other debtors	1,156,869	494,674	210,804	162,364
Unpaid share capital	500,000	500,000	500,000	500,000
Prepayments and accrued income	14,634,340	16,300,316	376,333	942,685
	<u>16,302,042</u>	<u>18,981,424</u>	<u>1,087,137</u>	<u>1,698,197</u>

Amounts owed by group undertakings are unsecured, interest-free and repayable on demand.

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**Egerton Capital Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 March 2019**

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**14. Cash and cash equivalents**

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash at bank and in hand	8,048,202	7,701,415	1,466,712	1,134,629
Short term deposits	11,274,622	11,083,697	-	-
	<u>19,322,824</u>	<u>18,785,112</u>	<u>1,466,712</u>	<u>1,134,629</u>

**15. Creditors: Amounts falling due within one year**

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade creditors	153,486	914,197	-	577,811
Amounts owed to group undertakings	5,901	-	607,689	431,371
Corporation tax	22,282	1,838	22,282	1,838
Taxation and social security	57,060	62,776	57,060	62,776
Other creditors	3,735,998	2,605,811	127,752	15,758
Accruals and deferred income	227,458	297,330	73,778	158,715
	<u>4,202,185</u>	<u>3,881,952</u>	<u>888,561</u>	<u>1,248,269</u>

Amounts owed to group undertakings are unsecured, interest-free and repayable on demand. In the event of a wind up all creditors rank pari-passu.

**16. Financial instruments**

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	21,898,544	21,056,982	4,042,432	3,406,499
Financial assets that are equity instruments measured at cost less impairment	-	-	5,029,604	5,029,604
Financial assets that are debt instruments measured at amortised cost	14,352,921	16,521,564	215,825	256,830
	<u>36,251,465</u>	<u>38,578,546</u>	<u>9,287,861</u>	<u>8,692,933</u>

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents and unlisted investments in Egerton Capital Partners L.P.

Financial assets measured at amortised cost comprise debtors as stated in note 13 excluding prepayments and unpaid share capital.

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**Egerton Capital Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 March 2019**

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**16. Financial instruments (continued)****Financial liabilities**

Financial liabilities measured at amortised cost

(4,122,843)	(3,742,029)	(201,530)	(677,215)
<u>(4,122,843)</u>	<u>(3,742,029)</u>	<u>(201,530)</u>	<u>(677,215)</u>

Financial Liabilities measured at amortised cost comprise creditors as stated in note 15 excluding taxation and social security, corporation tax and deferred income.

**17. Share capital**

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
250,000- Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>
<b>Allotted, called up and unpaid</b>		
500,000- Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

**18. Commitments under operating leases**

At 31 March 2019 the Group and the Company had total future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Not later than 1 year	1,188,682	1,187,783	1,176,560	1,176,560
Later than 1 year and not later than 5 years	1,858,965	3,035,525	1,858,965	3,035,525
<b>Total</b>	<u>3,047,647</u>	<u>4,223,308</u>	<u>3,035,525</u>	<u>4,212,085</u>

At 31 March 2019 the Group and the Company had total future sub-lease income as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Not later than 1 year	305,800	305,800	305,800	305,800
Later than 1 year and not later than 5 years	483,163	788,963	483,163	788,963
<b>Total</b>	<u>788,963</u>	<u>1,094,763</u>	<u>788,963</u>	<u>1,094,763</u>

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**Egerton Capital Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 March 2019**

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**19. Related party transactions**

The Company provides its subsidiary undertaking, Egerton Capital (UK) LLP with employment and property services. The Company also receives profit allocations from the LLP. During the year, fees charged by the Company to the LLP amounted to £4,643,623 (2018: £5,142,696). The Company received profit allocations from the LLP amounting to £232,181 (2018: £257,135) in the year (respectively). As at 31 March 2019, £717,019 was due to the LLP (2018: £540,701).

During the year, Egerton Capital International Limited (ECIL), a company under common control registered in the British Virgin Islands, as the Investment Manager is licensed to provide management services to, Egerton Long Short Master Fund Limited and Egerton Investments Partners L.P.

The LLP has delegation agreements with ECIL whereby the fees due from the relevant funds are receivable by ECIL and directly payable to the LLP in full. The LLP also provides investment management services to Egerton Capital Equity Fund plc (as the umbrella fund of Egerton Capital Equity Fund and Egerton Sterling Investment Fund) and to Schroder Investment Management (Luxembourg) S.A. in relation to Schroder GAIA Egerton Equity.

Fees receivable from the funds for the year amounted to £162,615,992 (2018: £229,443,408) of which £75,083,784 (2018: £123,915,239) was receivable from ECIL. At the Statement of Financial Position date £6,689,676 (2018: £5,962,230) was due from ECIL, which is included in prepayments and accrued income in debtors (see note 13). During the year ECIL recharged expenses of £12,006 (2018: £13,816) for administration services that the Group utilised to conduct its principal activity. These fees were offset by a transfer from the ECIL to LLP of £1,548,006 (2018: transfer from the LLP to ECIL of £1,260,642). At 31 March 2019, £5,901 (2018: £1,541,901 due from ECIL) was due to ECIL from the Group.

**Key management personnel**

The directors are considered to have sole responsibility for the planning, directing and controlling of the activities of the Company. No other employees are considered to meet this definition of key management personnel. As a result, the aggregate transaction with key management personnel is disclosed in the Reconciliation of movements in members' total interests on page 11.

**20. Controlling party**

The ultimate controlling parties of the Group and Company are J C Armitage and W G Bollinger.