

REGISTERED NUMBER OC351201

**ARTISAN PARTNERS UK LLP**  
**MEMBERS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2017**

TUESDAY



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03/04/2018  
COMPANIES HOUSE

# **ARTISAN PARTNERS UK LLP**

## **MEMBERS' REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2017**

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# **ARTISAN PARTNERS UK LLP**

## **DESIGNATED MEMBERS AND ADVISORS**

<b>Designated members</b>	Artisan Partners Limited Artisan Partners II Limited
<b>Registered office</b>	4th Floor Reading Bridge House George Street Reading Berkshire RG1 8LS
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors 7 More London Riverside London SE1 2RT
<b>Bankers</b>	Citibank Citigroup Centre Canada Square Canary Wharf London E14 5LB
<b>Solicitors</b>	Freshfields Bruckhaus Deringer LLP 65 Fleet Street London EC4Y 1HT

# **ARTISAN PARTNERS UK LLP**

## **THE STRATEGIC REPORT**

### **YEAR ENDED 31 DECEMBER 2017**

The members present their strategic report of Artisan Partners UK LLP ("the LLP") for the year ended 31 December 2017.

#### **Review of the business**

##### **Business review**

The results of the LLP for the year and the financial position at the year-end were considered satisfactory by the members. The LLP has continued to provide distribution and equity analysis services to Artisan Partners Limited Partnership (an entity established under the laws of the USA). The members do not anticipate any detrimental change to the financial results for the LLP as a result of the continued equity analysis and distribution effort.

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

The principal risks and uncertainties affecting the LLP relate to the performance of the underlying funds it distributes / provides equity analysis services to and the impact that poor performance has on the ability of the Artisan Group ("group") to attract and retain investors. The funds advised by the group and its affiliates are subject to various market, counterparty, operational and regulatory risks that can ultimately have an impact on the group business. To the extent possible the group continues to monitor and improve its controls and processes to provide the proper infrastructure for managing its clients' assets. Other risks and uncertainties relate to the ability to attract and retain key investment executives.

##### **Financial position**

The LLP's statement of financial position as detailed on page 8 shows a satisfactory position. Members' other interests amount to £12,914,188 (2016: £10,791,287). No additional capital (2016: £Nil) was contributed by the founder member, Artisan Partners Limited, during the year.

##### **Key performance indicators ("KPIs")**

The LLP's activities relate directly to those of its ultimate Parent undertaking Artisan Partners Holdings LP and its subsidiaries. The key performance indicators are therefore linked to those of Artisan Partners Limited Partnership which relate to the growth of funds under management and the performance of the funds managed. Given the straightforward nature of the business, the members are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

##### **Results for the year and allocation to members**

The results for the year are shown in the income statement on page 7. The profit for the year available for distribution to members was £922,041 (2016: £881,052).

Signed by



Gregory Ramirez

Member of Artisan Partners UK LLP's Advisory Committee

Approved by the members on 22 March 2018.

# ARTISAN PARTNERS UK LLP

## THE REPORT OF THE MEMBERS

### YEAR ENDED 31 DECEMBER 2017

The members present their report and the audited financial statements of the LLP for the year ended 31 December 2017.

#### **Principal activities and future developments**

The principal activities of the LLP in the year under review were providing distribution and equity analysis services to Artisan Partners Limited Partnership (an entity established under the laws of the USA).

The LLP will continue to provide these distribution and equity analysis services for the foreseeable future.

#### **Designated members**

The following were designated members during the year:

Artisan Partners Limited  
Artisan Partners II Limited

Artisan Partners Limited is the controlling and founder member.

#### **Policy with respect to members' drawings and subscription and repayments of amounts subscribed or otherwise contributed by members**

Policies for members' drawings, subscriptions and repayment of members' capital are governed by the Partnership Agreement. In summary, capital is contributed by each new member as determined by the Founder Member. These capital contributions are only repaid at the discretion of the Founder Member or on the sale or dissolution of the LLP. The Founder Member also has sole discretion to determine and vary the level of each member's drawings.

#### **Pillar 3**

Details of the firm'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 posted on [www.artisanpartnersuk.com](http://www.artisanpartnersuk.com).

#### **UK Stewardship Code**

Details of the firm's commitment to the UK Stewardship code, required under Rule 2.2.3R of the Financial Conduct Authority's Conduct of Business Sourcebook are posted on [www.artisanpartnersuk.com](http://www.artisanpartnersuk.com).

#### **Financial risk management**

The LLP operates systems and controls to mitigate any adverse effects across the range of risks that it faces. The LLP is not exposed to any significant price, credit, liquidity or cash flow risk, as it has no fixed assets or liabilities measured through the profit and loss account.

#### **Responsibilities of the members**

The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations"), requires the members to prepare financial statements for each financial year. Under that law the members have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law, as applied to limited liability partnerships, 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 limited liability partnership and of the profit or loss of the limited liability partnership for that period. In preparing the financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited liability partnership will continue in business.

# **ARTISAN PARTNERS UK LLP**

## **THE REPORT OF THE MEMBERS**

**YEAR ENDED 31 DECEMBER 2017**

### **Responsibilities of the members (Continued)**

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the limited liability partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to limited liability partnerships by the Regulations.

The members are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Statement of disclosure of information to auditors**


In so far as the members are aware:

- there is no relevant audit information of which the LLP's auditors are unaware; and
- the members have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

### **Independent auditors**

PricewaterhouseCoopers LLP have indicated their willingness to continue in office. A resolution concerning their re-appointment will be proposed at the Advisory Committee meeting held to approve these financial statements.

Signed by



Gregory Ramirez

Member of Advisory Committee

Approved by the members on 22 March 2018.

# ARTISAN PARTNERS UK LLP

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARTISAN PARTNERS UK LLP

### Report on the audit of the financial statements

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#### Opinion

In our opinion, Artisan Partners UK LLP's financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); 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.

We have audited the financial statements, included within the Members' Report and Financial Statements for the year ended 31 December 2017 (the "Annual Report"), which comprise: the statement of financial position; the income statement and statement of comprehensive income, the statement of changes in equity; and the notes to the financial statements, which include a description of the significant accounting policies.

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#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the limited liability partnership'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.

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.

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#### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

# ARTISAN PARTNERS UK LLP

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARTISAN PARTNERS UK LLP

### Responsibilities for the financial statements and the audit

#### *Responsibilities of the members for the financial statements*

As explained more fully in the Responsibilities of the members set out on page 3, the members are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The members are also responsible for such internal control as they 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 limited liability partnership's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the limited liability partnership or to cease operations, or have no realistic alternative but to do so.

#### *Auditors' 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 auditors' 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

This report, including the opinion, has been prepared for and only for the members of the partnership as a body in accordance with 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 for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the limited liability partnership, 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.

We have no exceptions to report arising from this responsibility.



Natasha McMillan (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

22 March 2018



# ARTISAN PARTNERS UK LLP

## INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
REVENUE	3	10,120,197	9,581,963
GROSS PROFIT		10,120,197	9,581,963
Administrative expenses		(9,190,432)	(8,702,726)
Other expenses		(9,747)	(8,150)
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION	4	920,018	871,087
Finance income		2,023	9,965
Finance costs		—	—
FINANCE INCOME - NET		2,023	9,965
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARE		922,041	881,052
Members' remuneration charged as an expense		—	—
PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS		922,041	881,052
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		922,041	881,052

The LLP's revenue and expenses all relate to continuing operations.

There is no difference between the profit for the financial year available for discretionary division among members and its historical cost equivalent.

The notes on pages 10 to 19 form part of these financial statements

**ARTISAN PARTNERS UK LLP**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £	2016 £
<b>FIXED ASSETS</b>			
Property, plant and equipment	8	485,639	739,627
		485,639	739,627
<b>CURRENT ASSETS</b>			
Trade and other receivables	9	7,952,193	5,619,717
Cash and cash equivalents		4,917,850	4,794,203
		12,870,043	10,413,920
<b>CREDITORS - amounts falling due within one year</b>	10	(441,494)	(362,260)
<b>NET CURRENT ASSETS</b>		12,428,549	10,051,660
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		12,914,188	10,791,287
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		12,914,188	10,791,287
<b>EQUITY</b>			
<b>MEMBERS' OTHER INTERESTS</b>			
Members' capital	13	2,770,000	2,770,000
Members' other reserves and profit and loss account	13	10,144,188	8,021,287
		12,914,188	10,791,287
<b>MEMORANDUM OF MEMBERS' OTHER INTERESTS</b>			
Amounts due from members	13	(6,832,689)	(4,414,176)
Members' other interests	13	12,914,188	10,791,287
Members' total interests		6,081,499	6,377,111

These financial statements on pages 7 to 9 were approved by the members and signed on their behalf and authorised for issue on 22 March 2018.



Gregory Ramirez

Registered Number: OC351201

The notes on pages 10 to 19 form part of these financial statements

**ARTISAN PARTNERS UK LLP**

**STATEMENT OF CHANGES IN EQUITY**

**YEAR ENDED 31 DECEMBER 2017**

	Note	Members capital £	Other reserves £	Profit and loss account £	Total members' other interests £
<b>BALANCE AS AT 1 JANUARY 2016</b>		<b>2,770,000</b>	<b>2,783,877</b>	<b>2,701,161</b>	<b>8,255,038</b>
Profit for the financial year		—	—	881,052	881,052
<b>Total comprehensive income for the year</b>		<b>—</b>	<b>—</b>	<b>881,052</b>	<b>881,052</b>
Credit relating to equity settled share based payments	13	—	1,655,197	—	1,655,197
<b>BALANCE AS AT 31 DECEMBER 2016</b>	<b>13</b>	<b>2,770,000</b>	<b>4,439,074</b>	<b>3,582,213</b>	<b>10,791,287</b>
<b>BALANCE AS AT 1 JANUARY 2017</b>		<b>2,770,000</b>	<b>4,439,074</b>	<b>3,582,213</b>	<b>10,791,287</b>
Profit for the financial year		—	—	922,041	922,041
<b>Total comprehensive income for the year</b>		<b>—</b>	<b>—</b>	<b>922,041</b>	<b>922,041</b>
Credit relating to equity settled share based payments	13	—	1,200,860	—	1,200,860
<b>BALANCE AS AT 31 DECEMBER 2017</b>	<b>13</b>	<b>2,770,000</b>	<b>5,639,934</b>	<b>4,504,254</b>	<b>12,914,188</b>

The notes on pages 10 to 19 form part of these financial statements.

# ARTISAN PARTNERS UK LLP

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2017

#### 1. GENERAL INFORMATION

The LLP's principal activities are providing distribution and equity analysis services to Artisan Partners Limited Partnership (an entity established under the laws of the USA). The LLP comprises two corporate members; Artisan Partners Limited (the founder and principal member) and Artisan Partners II Limited. The members control 91% and 9% of the LLP respectively. The financial statements of both members are available from Companies House.

The Board of Directors of the principal member, Artisan Partners Limited, has delegated their managerial and oversight responsibilities to an Advisory Committee. The Advisory Committee comprises the members of the Artisan Partners Limited Board of Directors and senior management employed by the LLP.

The LLP is registered and domiciled in the United Kingdom. The address of the registered office is 4<sup>th</sup> Floor Reading Bridge House, George Street, Reading, Berkshire, RG1 8LS.

#### 2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006, as applicable to Limited Liability Partnerships, in accordance with applicable UK accounting standards and the requirements of the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' issued in July 2014 (SORP 2014).

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

##### FRS 101

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

**101p8(a)** - Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined)

**101p8(e)** - Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:

- paragraph 79(a)(iv) of IAS 1.

**101p8(f)** - The following paragraphs of IAS 1, 'Presentation of financial statements':

- 10(d), (statement of cash flows)
- 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
- 16 (statement of compliance with all IFRS),
- 38A (requirement for minimum of two primary statements, including cash flow statements),
- 38B-D (additional comparative information),
- 40A-D (requirements for a third statement of financial position
- 111 (cash flow statement information), and
- 134-136 (capital management disclosures)

**ARTISAN PARTNERS UK LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2017**

**2. ACCOUNTING POLICIES (continued)**

**101p8(h)** - IAS 7, 'Statement of cash flows'

**101p8(j)** - Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)

**101p8(k)** – The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

**Going Concern**

The businesses activities, together with the factors likely to affect its future development, performance and position together with its financial risk management are set out in the Strategic and Members' Report on pages 2-4.

The members of the Advisory Committee believe the business is well placed to manage its business risks successfully despite the uncertain political and economic climate. Further, the members of the Advisory Committee have a reasonable expectation that the limited partnership will continue in operational existence for the foreseeable future. The members believe this period to be at least 12 months from the date the financial statements were signed. Accordingly, they continue to adopt the going concern basis in preparing the members' report and financial statements.

**Changes in accounting policy and disclosures**

IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' will be adopted by the LLP for the first time in the year beginning 1 January 2018. These standards have no material impact on the financial position or results of the LLP.

**Consolidation**

The principal member of the LLP is Artisan Partners Limited, a wholly owned subsidiary of Artisan Partners Holdings LP. The LLP has an ultimate parent of Artisan Partners Asset Management Inc. a corporation listed on the New York Stock Exchange. Artisan Partners UK LLP is included in the consolidated financial statements of Artisan Partners Asset Management Inc. which are publicly available. Therefore the LLP is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are separate financial statements.

**Revenue**

Revenue, which is stated net of any value added tax, represents transfer pricing revenue arising from continuing activities in the United Kingdom charged to Artisan Partners Holdings LP, which is a related entity domiciled in the US. Transfer pricing revenue is accounted for on an accruals basis.

**Fixed assets**

All fixed assets are recorded at historical cost, less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

# ARTISAN PARTNERS UK LLP

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2017

#### 2. ACCOUNTING POLICIES (continued)

##### Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computer software	- 3 years straight line
Fixtures & fittings	- 7 years straight line
Computer hardware and office equipment	- 5 years straight line
Leasehold improvements	- 5 years straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other income' in the income statement.

When revalued assets are sold, the amounts included in the revaluation reserve are transferred to the profit and loss account.

##### Cash and cash equivalents

Cash and cash equivalents represents deposits held at call with a credit institution.

##### Trade and other receivables

Trade and other receivables include amounts receivable from related parties, deposits, prepayments and amounts receivable from HMRC. Trade and other receivables are recognised at carrying value, which approximates fair value.

Amounts owed by related parties are unsecured, interest free and repayable on demand.

##### Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business and are recognised at fair value. Amounts owed to related parties are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

##### Operating lease agreements

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. The value of any rent free period is amortised over the life of the asset. At 31 December 2017 the LLP was committed to making the following annual payment under operating leases: £588,255 (2016: £587,743).

##### Foreign currencies

Items included in the financial statements of the LLP are measured using the currency of the primary economic environment in which the LLP operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the LLP's functional currency.

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are recorded in the income statement.

# **ARTISAN PARTNERS UK LLP**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **YEAR ENDED 31 DECEMBER 2017**

#### **2. ACCOUNTING POLICIES (continued)**

##### **Members' participation rights**

Members' participation rights are the rights of a member against the LLP that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed, remuneration and profits).

*Members' participation rights in the earnings or assets of the LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity, in accordance with IAS 32 Financial Instruments: Disclosure and Presentation and UITF abstract 39 Members' shares in co-operative entities and similar instruments. A member's participation right results in a liability unless the right to any payment is discretionary on the part of the LLP.*

Amounts subscribed or otherwise contributed by members, for example members' capital, are classified as equity if the LLP has an unconditional right to refuse payment to members. If the LLP does not have such an unconditional right, such amounts are classified as liabilities.

Where profits are automatically divided as they arise, so the LLP does not have an unconditional right to refuse payment, the amounts arising that are due to members are liabilities in their nature. They are therefore treated as an expense in the income statement in the relevant year. To the extent that they remain unpaid at the year end, they are shown as liabilities in the statement of financial position.

Conversely, where profits are divided only after a decision by the LLP or its representative, so that the LLP has an unconditional right to refuse payment, such profits are classed as an appropriation of equity rather than as an expense. They are therefore shown as a residual amount available for discretionary division among members in the income statement and are equity appropriations in the statement of financial position.

Other amounts applied to members, for example remuneration paid under an employment contract and interest on capital balances, are treated in the same way as all other divisions of profits, as described above, according to whether the LLP has, in each case, an unconditional right to refuse payment. There were no amounts due to members as at 31 December 2017 (2016: £Nil). Amounts due from members that are classified as equity are shown in the statement of financial position within 'memorandum of members' other interests'.

##### **Financial Instruments**

The LLP has no financial assets or liabilities measured at fair value through profit or loss. The LLP had no derivative financial instruments during the year (2016: Nil).

##### **Taxation**

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

##### **Expenses**

Expenses incurred have been recognised on an accruals basis.

##### **Interest Income**

Interest income relates to cash deposits held with credit institutions.

# ARTISAN PARTNERS UK LLP

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2017

#### 2. ACCOUNTING POLICIES (continued)

##### Equity settled share-based payments

The LLP operates an equity-settled, share based compensation plan (called the 2013 omnibus incentive plan) for certain employees. Under this plan, the LLP receives services from employees as consideration for equity instruments in Artisan Partners Asset Management Inc. a corporation listed on the New York Stock Exchange. The awards are issued by Artisan Partners Asset Management Inc. and the LLP has no obligation to settle these awards. The fair value of the employee service received in exchange for the grant of these awards is recognised as an expense. A credit is recognised directly in equity. The amount expensed is determined by reference to the stock price of Artisan Partners Asset Management Inc. as of the award grant date. The award value assumes a 0% forfeiture rate based on historical experience and expected future volatility.

The total expense is recognised over the requisite service period, which is the period over which all the specified vesting conditions are to be satisfied. The vesting period of these awards is typically one to five years. At the end of each reporting period, the LLP revises its estimates on the number of awards that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. When the awards vest in full, there is no recharge from Artisan Partners Asset Management Inc.

##### Cash settled share-based payments

The LLP operates a cash settled share based compensation plan, called the Phantom Equity Plan (PEP). Awards are granted to certain employees under this plan, which vest over five years. Under this plan, the LLP receives services from employees as consideration for these awards which are linked to the listed share price of Artisan Partners Asset Management Inc. Liabilities in respect of the PEP are recognised by the LLP because the settlement of these awards is the obligation of the LLP.

##### Employee benefits – pension obligations

The LLP operates a defined contribution plan, under which the LLP pays fixed contributions to a separate entity. The LLP has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. All contributions are calculated and paid in the month they are due.

##### Critical accounting estimates and assumptions

There have been no material judgements or estimates that would impact the financial performance or results of the LLP.

#### 3. REVENUE

The revenue and profit before tax are attributable to the one principal activity of the LLP.

An analysis of revenue is given below:

	2017 £	2016 £
Overseas	<u>10,120,197</u>	<u>9,581,963</u>



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**4. PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION**

In addition to employee wages and other related costs, profit on ordinary activities before interest and taxation is stated after charging:

	2017 £	2016 £
Depreciation of owned fixed assets	259,391	265,274
Loss on disposal of fixed assets	742	2,307
Auditors' remuneration		
- as auditors	26,384	24,950
- tax compliance services	14,000	14,300
- other tax consultancy	26,700	6,025
Operating lease costs:	<u>702,767</u>	<u>680,697</u>

The aggregate employee wages and other related costs were:

	2017 £	2016 £
Wages and salaries	4,084,855	3,729,858
Social security costs	704,873	613,378
Pension costs (defined contribution scheme)	217,091	199,642
Long-term incentive compensation	<u>1,248,837</u>	<u>1,676,356</u>
	<u>6,255,656</u>	<u>6,219,234</u>

**5. EMPLOYEE INFORMATION**

The monthly average number of staff in the year was:

	2017 No	2016 No
Number of administrative staff	14	14
Number of investment managerial staff	<u>4</u>	<u>4</u>
	<u>18</u>	<u>18</u>

**6. MEMBERS' REMUNERATION CHARGED AS AN EXPENSE**

A member's share in the profit or loss for the year is accounted for as an allocation of profits or losses. Any unallocated profits and losses are allocated to members in the following accounting period.

Amounts due to members in respect of equity participation rights, following a discretionary division of profits, are debited to equity and credited to members' current accounts in the period when the allocation occurs. Unallocated profits and losses are included within 'other reserves' and are included in equity. Any drawings paid in respect of those profits are included within debtors.

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**7. INFORMATION IN RELATION TO MEMBERS**

	2017 £	2016 £
Profit for the financial year before members' remuneration and profit share and available for division among members	<u>922,041</u>	<u>881,052</u>
	2017 £	2016 £
Profit for the financial year available for discretionary division among members	<u>922,041</u>	<u>881,052</u>
	2017 £	2016 £
Highest paid member's profit share	<u>—</u>	<u>—</u>
	2017 No	2016 No
The average number of members during the year was	<u>2</u>	<u>2</u>

**8. PROPERTY, PLANT AND EQUIPMENT**

	Computer software £	Fixtures & fittings £	Computer hardware & office equipment £	Leasehold improvements £	Total £
<b>COST OR VALUATION</b>					
At 1 January 2017	18,495	283,832	138,299	1,020,472	1,461,098
Additions	—	—	6,145	—	6,145
Disposals	(2,582)	—	(43,431)	—	(46,013)
<b>At 31 December 2017</b>	<u>15,913</u>	<u>283,832</u>	<u>101,013</u>	<u>1,020,472</u>	<u>1,421,230</u>
<b>ACCUMULATED DEPRECIATION</b>					
At 1 January 2017	14,872	139,707	91,744	475,148	721,471
Charge for the year	1,374	36,335	19,057	202,625	259,391
On disposals	(2,582)	—	(42,689)	—	(45,271)
<b>At 31 December 2017</b>	<u>13,664</u>	<u>176,042</u>	<u>68,112</u>	<u>677,773</u>	<u>935,591</u>
<b>Net BOOK VALUE</b>					
<b>At 31 December 2017</b>	<u>2,249</u>	<u>107,790</u>	<u>32,901</u>	<u>342,699</u>	<u>485,639</u>
At 31 December 2016	<u>3,623</u>	<u>144,125</u>	<u>46,555</u>	<u>545,324</u>	<u>739,627</u>

Computer software is capitalised when purchased and forms an integral part of the equipment to which it relates. Therefore, computer software is considered a tangible fixed asset.

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**9. TRADE AND OTHER RECEIVABLES**

	2017 £	2016 £
Amounts owed by Artisan Partners Limited	6,775,423	4,366,126
Amounts owed by Artisan Partners II Limited	57,266	48,050
Other debtors	702,740	701,931
VAT recoverable	68,801	108,203
Prepayments and accrued income	347,963	395,407
	<u>7,952,193</u>	<u>5,619,717</u>

Other debtors include rent deposits of £693,000 (2016: £693,000) due after more than one year.

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**10. CREDITORS - Amounts falling due within one year**

	2017 £	2016 £
Accruals and deferred income	441,085	362,260
Amounts payable to Artisan Partners Holdings LP	409	—
	<u>441,494</u>	<u>362,260</u>

**11. COMMITMENTS UNDER OPERATING LEASES**

At 31 December the LLP had commitments under non-cancellable operating leases as set out below.

	2017 £	2016 £
Operating lease commitments due:		
Within one year	588,255	587,743
From two years to five years	2,312,689	2,322,803
Later than five years	524,563	1,102,063
	<u>3,425,507</u>	<u>4,012,609</u>

Commitments under operating leases exclude service charges payable to cover the appropriate proportion of the building's management and maintenance costs.

**12. RELATED PARTY TRANSACTIONS**

The LLP enters into transactions with its members (Artisan Partners Limited and Artisan Partners II Limited) and other related parties, including Artisan Partners Holdings LP and Artisan Partners Limited Partnership LP within the Artisan group. These transactions include, but are not limited to fees charged at arm's length and the transfer of funds to cover working capital.

**ARTISAN PARTNERS UK LLP**

**NOTES TO THE FINANCIAL STATEMENTS**

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**13. MEMBERS' OTHER INTERESTS**

	Members' capital (classified as equity) £	Other reserves and profit and loss account £	Total members' other interests £	Loans from and other amounts due to/ (from) members £	Members' total interest £
Amounts due from members	—	—	—	(4,414,176)	—
Balance at 1 January 2017	2,770,000	8,021,287	10,791,287	(4,414,176)	6,377,111
Members' remuneration charged as an expense, including employment costs	—	—	—	—	—
Profit for the financial year available for discretionary division amongst members	—	922,041	922,041	—	922,041
Members' interests after profit for the year	2,770,000	8,943,328	11,713,328	(4,414,176)	7,299,152
Introduced by members	—	—	—	—	—
Drawings	—	—	—	—	—
Value of Employee Services	—	1,200,860	1,200,860	—	1,200,860
Other movements	—	—	—	(2,418,513)	(2,418,513)
Amounts due from members	—	—	—	—	—
Balance at 31 December 2017	2,770,000	10,144,188	12,914,188	(6,832,689)	6,081,499

	Members' capital (classified as equity) £	Other reserves and profit and loss account £	Total members' other interests £	Loans from and other amounts due to/ (from) members £	Members' total interest £
Amounts due from members	—	—	—	(1,654,446)	—
Balance at 1 January 2016	2,770,000	5,485,038	8,255,038	(1,654,446)	6,600,592
Members' remuneration charged as an expense, including employment costs	—	—	—	—	—
Profit for the financial year available for discretionary division amongst members	—	881,052	881,052	—	881,052
Members' interests after profit for the year	2,770,000	6,366,090	9,136,090	(1,654,446)	7,481,644
Introduced by members	—	—	—	—	—
Drawings	—	—	—	—	—
Value of Employee Services	—	1,655,197	1,655,197	—	1,655,197
Other movements	—	—	—	(2,759,730)	(2,759,730)
Amounts due from members	—	—	—	—	—
Balance at 31 December 2016	2,770,000	8,021,287	10,791,287	(4,414,176)	6,377,111

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**13. MEMBERS' OTHER INTERESTS (continued)**

In the event of a winding up, the amounts included in "loans from and other amounts due to/(from) members" will rank equally with unsecured creditors.

During the year there was no additional capital contribution made by Artisan Partners Limited to the LLP (2016: £Nil).

**14. EVENTS AFTER THE REPORTING PERIOD**

On 16 February 2018, Artisan Partners Asset Management Inc. (the ultimate parent undertaking) granted additional equity awards to certain LLP employees under its Long Term Incentive Plan (the 2013 Omnibus Incentive Plan). These awards are material in size and will be measured at fair value and expensed in the LLP over the vesting period. The total value of these awards on grant date was £93,759. There is no charge to the profit and loss account for the year ended 31 December 2017 in relation to these awards.

**15. CONTROLLING PARTIES**

Artisan Partners Limited is the controlling member of the partnership and immediate parent to the LLP. Copies of the Artisan Partners Limited financial statements are available from its registered office. Artisan Partners Holdings LP is the parent company of Artisan Partners Limited.

*In the members' opinion, the LLP's ultimate parent undertaking and controlling party is Artisan Partners Asset Management Inc. an entity listed on the New York Stock Exchange. Group financial statements can be obtained from 875 East Wisconsin Avenue, Suite 800, Milwaukee, Wisconsin, 53202, USA.*