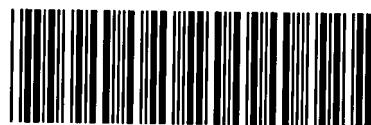


ARTISAN PARTNERS UK LLP
MEMBERS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016

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ARTISAN PARTNERS UK LLP
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

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ARTISAN PARTNERS UK LLP

DESIGNATED MEMBERS AND ADVISORS

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

ARTISAN PARTNERS UK LLP

THE STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2016

The members present their strategic report of Artisan Partners UK LLP ("the LLP") for the year ended 31 December 2016.

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 advisory services and proactively distribute Artisan products and services to develop its business. The members do not anticipate any detrimental change to the financial results for the LLP as a result of this continued distribution effort.

Principal risks and uncertainties

The principal risks and uncertainties affecting the LLP relate to the performance of the underlying funds it advises / distributes and the impact that poor performance has on the ability 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 £10,791,287 (2015: £8,255,038). No additional capital (2015: £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 £881,052 (2015: £892,253).

Signed by



Gregory Ramirez

Member of Advisory Committee

Approved by the members on 16 March 2017

ARTISAN PARTNERS UK LLP

THE REPORT OF THE MEMBERS

YEAR ENDED 31 DECEMBER 2016

The members present their report and the audited financial statements of the LLP for the year ended 31 December 2016.

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.

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.

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 regulations.

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 partnership financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) 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 partnership and of the profit or loss of the partnership for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements and;

ARTISAN PARTNERS UK LLP

THE REPORT OF THE MEMBERS

YEAR ENDED 31 DECEMBER 2016

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy at any time the financial position of the 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. They are also responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for the maintenance and integrity of the partnership's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 16 March 2017

ARTISAN PARTNERS UK LLP

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

YEAR ENDED 31 DECEMBER 2016

Report on the financial statements

Our opinion

In our opinion, Artisan Partners UK LLP's financial statements (the "financial statements"):

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

What we have audited

The financial statements, included within the Members' Report and Financial Statements (the "Annual Report"), comprise:

- the statement of financial position as at 31 December 2016;
- the income statement and statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the members have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, 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.

ARTISAN PARTNERS UK LLP

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

YEAR ENDED 31 DECEMBER 2016

Responsibilities for the financial statements and the audit

Our responsibilities and those of the members

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 and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

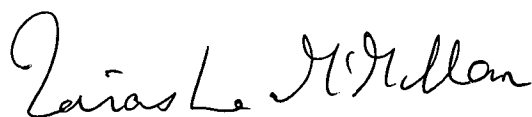
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the limited liability partnership's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the members; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the members' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Natasha McMillan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
16 March 2017

ARTISAN PARTNERS UK LLP

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2016

	Note	2016 £	2015 £
REVENUE	3	9,581,963	9,682,018
GROSS PROFIT	3	9,581,963	9,682,018
Administrative expenses		(8,702,726)	(8,798,457)
Other expenses		(8,150)	(3,392)
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION	4	871,087	880,169
Finance income		9,965	12,084
Finance costs		-	-
FINANCE INCOME - NET		9,965	12,084
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARE		881,052	892,253
Members' remuneration charged as an expense		-	-
PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS		881,052	892,253
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		881,052	892,253

The LLP's turnover 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 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Property, plant and equipment	8	739,627	995,783
		739,627	995,783
CURRENT ASSETS			
Trade and other receivables	9	5,619,717	2,742,163
Cash and cash equivalents		4,794,203	4,930,818
		10,413,920	7,672,981
CREDITORS - amounts falling due within one year	10	(362,260)	(413,726)
NET CURRENT ASSETS		10,051,660	7,259,255
TOTAL ASSETS LESS CURRENT LIABILITIES		10,791,287	8,255,038
NET ASSETS ATTRIBUTABLE TO MEMBERS		10,791,287	8,255,038
EQUITY			
MEMBERS' OTHER INTERESTS			
Members' capital	13	2,770,000	2,770,000
Members' other reserves and profit and loss account	13	8,021,287	5,485,038
		10,791,287	8,255,038
MEMORANDUM OF MEMBERS' OTHER INTERESTS			
Amounts due from members	13	(4,414,176)	(1,654,446)
Members' other interests	13	10,791,287	8,255,038
Members' total interests		6,377,111	6,600,592

These financial statements on pages 7 to 9 were approved by the members and signed on their behalf and authorised for issue on 16 March 2017.



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 2016

	Note	Members capital £	Other reserves £	Profit and loss account £	Total members' interests £
BALANCE AS AT 1 JANUARY 2015		2,770,000	970,589	1,808,908	5,549,497
Profit for the financial year		-	-	892,253	892,253
Total comprehensive income for the year		-	-	892,253	892,253
Credit relating to equity settled share based payments	13	-	1,813,288	-	1,813,288
BALANCE AS AT 31 DECEMBER 2015	13	2,770,000	2,783,877	2,701,161	8,255,038
BALANCE AS AT 1 JANUARY 2016		2,770,000	2,783,877	2,701,161	8,255,038
Profit for the financial year		-	-	881,052	881,052
Total comprehensive income for the year		-	-	881,052	881,052
Credit relating to equity settled share based payments	13	-	1,655,197	-	1,655,197
BALANCE AS AT 31 DECEMBER 2016	13	2,770,000	4,439,074	3,582,213	10,791,287

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

ARTISAN PARTNERS UK LLP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

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 4th 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 2016

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 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

There have been no new accountancy standards adopted during the year.

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 2016

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 2016 the LLP was committed to making the following annual payment under operating leases: £587,743 (2015: £587,256).

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 2016

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 2016 (2015: £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 (2015: 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 2016

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 selected 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.

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 turnover is given below:

	2016 £	2015 £
Overseas	<u>9,581,963</u>	<u>9,682,018</u>

ARTISAN PARTNERS UK LLP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

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:

	2016 £	2015 £
Depreciation of owned fixed assets	265,274	268,230
Loss on disposal of fixed assets	2,307	2,737
Auditors' remuneration		
- as auditors	24,950	24,250
- tax compliance services	14,300	12,400
- other tax consultancy	6,025	103,815
- regulatory consultancy	-	8,500
Operating lease costs:	<u>680,697</u>	<u>659,208</u>

The aggregate employee wages and other related costs were:

	2016 £	2015 £
Wages and salaries	3,729,858	3,661,828
Social security costs	613,378	568,322
Pension costs (defined contribution scheme)	199,642	195,965
Long-term incentive compensation	<u>1,676,356</u>	<u>1,828,567</u>
	<u>6,219,234</u>	<u>6,254,682</u>

5. EMPLOYEE INFORMATION

The monthly average number of staff in the year was:

	2016 No	2015 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.

ARTISAN PARTNERS UK LLP
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

7. INFORMATION IN RELATION TO MEMBERS

	2016 £	2015 £
Profit for the financial year before members' remuneration and profit share and available for division among members	<u>881,052</u>	<u>892,253</u>
	2016 £	2015 £
Profit for the financial year available for discretionary division among members	<u>881,052</u>	<u>892,253</u>
	2016 £	2015 £
Highest paid member's remuneration	<u>-</u>	<u>-</u>
	2016 No	2015 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 £
COST OR VALUATION					
At 1 January 2016	14,639	281,644	142,815	1,020,472	1,459,570
Additions	3,856	2,188	5,382	-	11,426
Disposals	-	-	(9,898)	-	(9,898)
At 31 December 2016	<u>18,495</u>	<u>283,832</u>	<u>138,299</u>	<u>1,020,472</u>	<u>1,461,098</u>
ACCUMULATED DEPRECIATION					
At 1 January 2016	12,426	99,290	79,548	272,523	463,787
Charge for the year	2,446	40,417	19,786	202,625	265,274
On disposals	-	-	(7,590)	-	(7,590)
At 31 December 2016	<u>14,872</u>	<u>139,707</u>	<u>91,744</u>	<u>475,148</u>	<u>721,471</u>
NET BOOK VALUE					
At 31 December 2016	<u>3,623</u>	<u>144,125</u>	<u>46,555</u>	<u>545,324</u>	<u>739,627</u>
At 31 December 2015	<u>2,213</u>	<u>182,354</u>	<u>63,267</u>	<u>747,949</u>	<u>995,783</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.

ARTISAN PARTNERS UK LLP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

9. TRADE AND OTHER RECEIVABLES

	2016 £	2015 £
Amounts owed by Artisan Partners Limited	4,366,126	1,621,996
Amounts owed by Artisan Partners II Limited	48,050	32,450
Other debtors	701,931	706,421
VAT recoverable	108,203	60,116
Prepayments and accrued income	395,407	321,180
	<u>5,619,717</u>	<u>2,742,163</u>

Other debtors include rent deposits of £693,000 (2015: £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

	2016 £	2015 £
Accruals and deferred income	362,260	413,726
	<u>362,260</u>	<u>413,726</u>

11. COMMITMENTS UNDER OPERATING LEASES

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

	2016 £	2015 £
Operating lease commitments due:		
Within one year	587,743	587,256
From two years to five years	2,322,803	2,331,950
Later than five years	1,102,063	1,679,563
	<u>4,012,609</u>	<u>4,598,769</u>

Commitments under operating leases exclude service charges payable to cover the appropriate proportion of the buildings 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

YEAR ENDED 31 DECEMBER 2016

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	-	-	-	(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

	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 interests £
Amounts due from members	-	-	-	(938,996)	-
Balance at 1 January 2015	2,770,000	2,779,497	5,549,497	(938,996)	4,610,501
Members' remuneration charged as an expense, including employment costs	-	-	-	-	-
Profit for the financial year available for discretionary division amongst members	-	892,253	892,253	-	892,253
Members' interests after profit for the year	2,770,000	3,671,750	6,441,750	(938,996)	5,502,754
Introduced by members	-	-	-	-	-
Drawings	-	-	-	-	-
Value of Employee Services	-	1,813,288	1,813,288	-	1,813,288
Other movements	-	-	-	(715,450)	(715,450)
Amounts due from members	-	-	-	(1,654,446)	-
Balance at 31 December 2015	2,770,000	5,485,038	8,255,038	(1,654,446)	6,600,592

ARTISAN PARTNERS UK LLP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

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 (2015: £Nil).

14. EVENTS AFTER THE REPORTING PERIOD

On 16 February 2017, Artisan Partners Asset Management Inc. granted additional equity awards to selected 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 over the vesting period. The total value of these awards on grant date was £73,714. There is no charge to the profit and loss account for the year ended 31 December 2016 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.