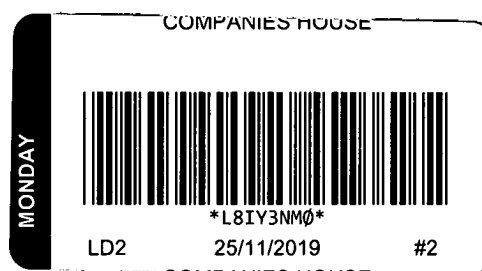


Marshall Wace Asset Management Limited

Annual report and consolidated financial statements

For the year ended 28 February 2019



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Marshall Wace Asset Management Limited

Company information

Directors	P R C Marshall I G P Wace A P Clarke D E Ford C J Musgrave J E May
Registered number	03384699
Registered office	George House 131 Sloane Street London SW1X 9AT
Independent auditor	Ernst & Young LLP 25 Churchill Place London E14 5EY
Bankers	Royal Bank of Scotland PLC PO Box 12258 1 Princes Street London EC2R 8PA
Solicitors	Simmons & Simmons CityPoint 1 Ropemaker Street London EC2Y 9SS

**Group strategic report
For the year ended 28 February 2019**

Introduction

The directors present their strategic report for Marshall Wace Asset Management Limited ("the Company") and its subsidiary Marshall Wace LLP ("MW LLP") collectively referred to as the Group for the year ended 28 February 2019.

Principal activity and review of business

The principal activity of the Company during the year was the provision of support services to MW LLP. The principal activity of the Group is to provide investment management services. MW LLP is authorised and regulated by the Financial Conduct Authority ("FCA"). There are no anticipated changes to the business conducted by the Company or the Group in the foreseeable future.

Principal risks and uncertainties

The principal risks and uncertainties affecting the Group relate to the performance of the underlying funds it manages and the impact that poor performance may have on the ability to attract and retain investors. Other risks and uncertainties relate to the ability to attract and retain key investment executives. The Group is not exposed to any significant price, credit, liquidity or cash flow risk.

The outcome of the Referendum of the U.K.'s Membership of the European Union (E.U.) (referred to as Brexit), voting for the exit of the U.K. from the E.U., continues to be uncertain, and the ongoing threat of a "hard Brexit" could cause disruptions to and create uncertainty surrounding our business, including affecting our relationships with our existing and future counterparties. The Group is continuously monitoring and considering the potential implications of Brexit and it has implemented contingency plans that should mitigate the impact of these risks and uncertainties.

Financial key performance indicators*Operating results*

Group turnover for the year amounted to £816,252,530 (2018: £654,203,419) which has resulted in a profit for the year after taxation of £383,509,788 (2018: £375,861,676). Dividends of £116,075,000 (2018: £69,039,000) were paid during the year and subsidiary profits amounting to £271,521,267 (2018: £127,908,606) were allocated to other members of MW LLP. The remaining Group profit has been transferred to reserves.

Financial position

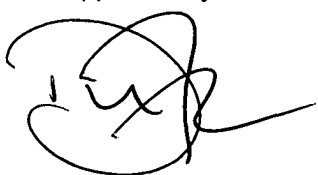
Shareholders' funds at the statement of financial position date amounted to £126,841,357 (2018: £106,390,551). The directors are of the view that this represents sufficient reserves for the Group to meet its on going business requirements.

Other key performance indicators

Given the straight forward nature of the business, the directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

This report was approved by the board on 14 May 2019 and signed on its behalf by.

D E Ford
Director



Director's report
For the year ended 28 February 2019

The directors present their report and the financial statements for the year ended 28 February 2019.

Directors

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

P R C Marshall
I G P Wace
A P Clake
D E Ford
C J Musgrave
J E May

Charitable contributions

During the year, the Group made various charitable contributions totalling £27,567 (2018: £6,040). The Group also made charitable donations of £216,216 (2018: £186,562) to employee matching schemes where the Group matches the funds given to charitable purposes by its employees.

Going concern

The Company has adequate financial resources and as a consequence, the directors believe that the Company is well placed to manage its business risks successfully.

The directors have reviewed revenue forecasts and believe the Company has adequate financial resources to continue in operational existence for the foreseeable future and at least 12 months from the date of the signing of the report and financial statements. Accordingly, they continue to adopt the going concern basis in preparing the members' report and financial statements.

Dividends

Interim dividends totalling £116,075,000 (2018: £69,039,000) were paid during the year.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Under section 487(2) of the Companies Act 2006, Ernst & Young LLP, will be deemed to have been reappointed as auditor 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 14 May 2019 and signed on its behalf by:

D E Ford
Director



Directors' responsibilities statement
For the year ended 28 February 2019

The Directors are responsible for preparing the Group strategic report, the directors' report and the consolidated and Company financial statements in accordance with applicable law and regulations.

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 Group for that period. In preparing these financial statements, the directors are required to:

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

Independent auditor's report to the shareholders of Marshall Wace Asset Management Limited

Opinion

We have audited the financial statements of Marshall Wace Asset Management Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 28 February 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, consolidated statement of cash flows and the related notes 1 to 25, 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 including 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 28 February 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.

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.

**Independent auditor's report to the shareholders of Marshall Wace Asset Management Limited
(continued)**

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.

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.

**Independent auditor's report to the shareholders of Marshall Wace Asset Management Limited
(continued)**

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.



James Beszant (Senior statutory auditor)
for and on behalf of Ernst & Young LLP
London, United Kingdom

16 May 2019

Marshall Wace Asset Management Limited

Consolidated statement of comprehensive income
For the year ended 28 February 2019

	Note	2019 £	2018 £
Turnover	4	816,252,530	654,203,419
Fee rebates and other fees payable		<u>(378,010,834)</u>	<u>(229,883,442)</u>
Gross profit		438,241,696	424,319,977
Administrative expenses		<u>(103,782,136)</u>	<u>(73,514,014)</u>
Operating profit	5	334,459,560	350,805,963
Income from shares in group companies		99,724,828	63,405,561
Net unrealised fair value movements on investments		56,116	3,107,148
Foreign exchange gains		2,318,316	8,358,159
Realised (losses)/gains on investments		(12,843)	1,488,690
Interest receivable and similar income	8	624,559	135,592
Interest payable and similar expenses	9	<u>(189,926)</u>	<u>(336,598)</u>
Profit before taxation		436,980,610	426,964,515
Taxation	10	<u>(53,470,822)</u>	<u>(51,102,839)</u>
Profit for the year		<u>383,509,788</u>	<u>375,861,676</u>
Profit and total comprehensive income for the year is attributable to:			
Owners of the Company		381,212,288	368,189,176
Non-controlling interests		<u>2,297,500</u>	<u>7,672,500</u>
		<u>383,509,788</u>	<u>375,861,676</u>

All amounts are in respect of continuing activities.

There was no other comprehensive income for 2019 (2018: £nil).

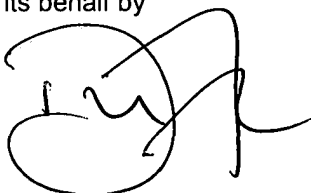
The notes on pages 14 to 28 form part of these financial statements.

Consolidated statement of financial position
As at 28 February 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	12	19,277,186	20,474,741
Investments	13	<u>354,282</u>	<u>398,804</u>
		19,631,468	20,873,545
Current assets			
Debtors: amounts falling due within one year	14	148,277,989	127,051,148
Cash and cash equivalents	15	<u>29,820,002</u>	<u>38,898,785</u>
Total current assets		178,097,991	165,949,933
Creditors: amounts falling due within one year	16	<u>(70,435,135)</u>	<u>(80,432,927)</u>
Net current assets		107,662,856	85,517,006
Total assets less current liabilities		<u>127,294,324</u>	<u>106,390,551</u>
Creditors: amounts falling due after one year	17	<u>(452,967)</u>	<u>-</u>
Net assets		<u>126,841,357</u>	<u>106,390,551</u>
Capital and reserves			
Called up share capital	20	230,012	230,012
Profit and loss account		<u>324,198,929</u>	<u>328,285,408</u>
Total equity attributable to owners of the Company		324,428,941	328,515,420
Non-controlling interest		<u>(197,587,584)</u>	<u>(222,124,869)</u>
Total equity		<u>126,841,357</u>	<u>106,390,551</u>

The financial statements were approved and authorised for issue by the board on 14 May 2019 and were signed on its behalf by

D E Ford
Director



The notes on pages 14 to 28 form part of these financial statements.

Company statement of financial position
As at 28 February 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	12	19,277,186	20,474,741
Investments	13	<u>6,357,283</u>	<u>6,401,805</u>
		25,634,469	26,876,546
Current assets			
Debtors: amounts falling due within one year	14	87,544,772	82,828,103
Cash and cash equivalents	15	<u>4,153,120</u>	<u>2,818,897</u>
Total current assets		91,697,892	85,647,000
Creditors: amounts falling due within one year	16	<u>(54,157,327)</u>	<u>(59,635,572)</u>
Net current assets		37,540,565	26,011,428
Total assets less current liabilities		<u>63,175,034</u>	<u>52,887,974</u>
Creditors: amounts falling due after one year	17	<u>(452,967)</u>	-
Net assets		<u><u>62,722,067</u></u>	<u><u>52,887,974</u></u>
Capital and reserves			
Called up share capital	20	230,012	230,012
Profit and loss account		<u>62,492,055</u>	<u>52,657,962</u>
Total equity		<u><u>62,722,067</u></u>	<u><u>52,887,974</u></u>

Company profit

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 Company for the year was £125,909,093 (2018: £98,965,409).

The financial statements were approved and authorised for issue by the board on 14 May 2019 and were signed on its behalf by

D E Ford
Director



The notes on pages 14 to 28 form part of these financial statements.

Marshall Wace Asset Management Limited

**Consolidated statement of changes in equity
for the year ended 28 February 2019**

	Called up share capital £	Profit and loss account £	Total equity attributable to owners of the Company £	Non- controlling interest £	Total equity £
Balance at 1 March 2017	230,012	149,371,338	149,601,350	(47,825,111)	101,776,239
Total comprehensive income					
Profit for the year	-	375,861,676	375,861,676	-	375,861,676
Transactions with owners					
Dividends declared	-	(69,039,000)	(69,039,000)	-	(69,039,000)
Subsidiary profit allocated to non-controlling interests	-	(127,908,606)	(127,908,606)	127,908,606	-
Capital introduced by non- controlling interests	-	-	-	2,000	2,000
Payments to non-controlling interests	-	-	-	(302,210,364)	(302,210,364)
Balance at 28 February 2018	230,012	328,285,408	328,515,420	(222,124,869)	106,390,551
Balance at 1 March 2018	230,012	328,285,408	328,515,420	(222,124,869)	106,390,551
Total comprehensive income					
Profit for the year	-	383,509,788	383,509,788	-	383,509,788
Transactions with owners					
Dividends declared	-	(116,075,000)	(116,075,000)	-	(116,075,000)
Subsidiary profit allocated to non-controlling interests	-	(271,521,267)	(271,521,267)	271,521,267	-
Capital introduced by non- controlling interests	-	-	-	2,000	2,000
Payments to non-controlling interests	-	-	-	(246,985,982)	(246,985,982)
Balance at 28 February 2019	230,012	324,198,929	324,428,941	(197,587,584)	126,841,357

The notes on pages 14 to 28 form part of these financial statements.

Marshall Wace Asset Management Limited

**Company statement of changes in equity
for the year ended 28 February 2019**

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 March 2017	230,012	22,731,553	22,961,565
Total comprehensive income for the year			
Profit for the year	-	98,965,409	98,965,409
Transactions with owners			
Dividends declared	-	(69,039,000)	(69,039,000)
Balance at 28 February 2018	<u>230,012</u>	<u>52,657,962</u>	<u>52,887,974</u>
Balance at 1 March 2018	230,012	52,657,962	52,887,974
Total comprehensive income for the year			
Profit for the year	-	125,909,093	125,909,093
Transactions with owners			
Dividends declared	-	(116,075,000)	(116,075,000)
Balance at 28 February 2019	<u>230,012</u>	<u>62,492,055</u>	<u>62,722,067</u>

The notes on pages 14 to 28 form part of these financial statements.

Marshall Wace Asset Management Limited

**Consolidated statement of cash flows
for the year ended 28 February 2019**

	2019 £	2018 £
Cash flow from operating activities		
Profit for the year	383,509,788	375,861,676
Adjustments for:		
Depreciation of tangible assets	3,732,702	3,713,369
Income from shares in group companies	(99,724,828)	(63,405,561)
Net fair value (gain)/loss recognised in the statement of comprehensive income	7,514	(50,994)
Interest receivable and similar income	(624,559)	(135,592)
Interest payable and similar expenses	189,926	336,598
Taxation charged to statement of comprehensive income	53,470,822	51,102,839
(Increase)/decrease in debtors	(19,642,368)	1,270,135
Decrease in creditors	(7,932,627)	(9,892,177)
Corporation tax paid	(57,508,035)	(61,053,777)
Net cash generated from operating activities	255,478,335	297,746,516
Cash flow from investing activities		
Purchase of tangible fixed assets	(2,536,946)	(1,799,451)
Proceeds from disposal of tangible assets	1,799	-
Purchase of unlisted and other investments	-	(479)
Proceeds from disposals of unlisted and other investments	37,008	28,956
Interest received	624,559	135,592
Income from shares in group companies	99,724,828	63,405,561
Net cash generated from investing activities	97,851,248	61,770,179
Cash flow from financing activities		
Dividends paid	(116,075,000)	(69,039,000)
Interest paid	(189,926)	(336,598)
Increase in finance lease liability	840,542	-
Amounts paid to non-controlling interests	(246,985,982)	(302,210,364)
Capital introduced by non-controlling interests	2,000	2,000
Net cash used in financing activities	(362,408,366)	(371,583,962)
Net decrease in cash and cash equivalents	(9,078,783)	(12,067,267)
Cash and cash equivalents at beginning of the year	38,898,785	50,966,052
Cash and cash equivalents at the end of the year	29,820,002	38,898,785

The notes on pages 14 to 28 form part of these financial statements.

Notes to the financial statements
For the year ended 28 February 2019

1. General information

Marshall Wace Asset Management Limited is a limited liability company incorporated and domiciled in the United Kingdom. The address of the registered office and principal place of business for the Company and MW LLP is George House, 131 Sloane Street, London, SW1X 9AT.

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 the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies as set out in note 3.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the exemption from the requirement to present a Company statement of cash flows as permitted by the FRS 102.

2.3 Going concern

The Group and the Company have adequate financial resources and as a consequence, the directors believe that the Group is well placed to manage its business risks successfully. The directors have reviewed revenue forecasts and believe the Group has adequate financial resources to continue in operational existence for the foreseeable future and at least 12 months from the date of the report and financial statements. Accordingly, they continue to adopt the going concern basis in preparing the strategic report, the directors' report and the financial statements.

2.4 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiary ("the Group"). Intercompany transactions and balances between group companies have been 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.

2.5 Foreign currency translation**Functional and presentation currency**

The Group's functional and presentation currency is British Pound Sterling ("£") being the primary economic environment in which the entities operate.

Notes to the financial statements (continued)
For the year ended 28 February 2019

2. Accounting policies (continued)

2.5 Foreign currency translation (continued)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2.6 Revenue

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, excluding discounts, rebates, value added tax and other sales taxes.

Revenue from management fees is recognised when the services are performed while revenue from performance fees is recognised at the point of crystallisation which occurs at the end of the measurement period and may be annually or quarterly and is the point when the right to receive the revenue is confirmed.

Other income includes amounts paid by funds and managed accounts for research costs incurred in the delivery of investment management services. These amounts are recognised when they become due and payable

2.7 Fee rebates and other fees payable

Agreements have been entered into with certain investors whereby a proportion of management/performance fees are rebated. Other fees payable consist of sub-advisory fees payable to other group companies. These rebates and sub-advisory expenses are calculated monthly and recognised on an accruals basis.

2.8 Expenses

Expenses are recognised in the financial statements on an accrual basis.

2.9 Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term. The value of any lease incentives are amortised over the full lease period.

2.10 Employee benefits

Defined contribution pension plan

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 payment obligations.

Notes to the financial statements (continued)
For the year ended 28 February 2019

2. Accounting policies (continued)**2.10 Employee benefits (continued)**

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.

Deferred compensation plan

The deferred compensation plan is paid twelve months or more after the end of the period in which it is earned.

2.11 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, 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 Group operates and generates income.

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.

2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

Notes to the financial statements (continued)
For the year ended 28 February 2019

2. Accounting policies (continued)

2.14 Tangible assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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.

The estimated useful lives range as follows:

Long-term leasehold property	- over the lease term
Fixtures and fittings	- over 3 to 5 years
Computer equipment	- over 3 to 5 years
Artwork	- not depreciated

Artwork is not depreciated as it does not have a determinable useful life. Furthermore, there is no market-based evidence on which to base its fair value other than the cost of acquisition.

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 'other operating income' in the statement of comprehensive income.

2.15 Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. The basis for recognition and measurement of financial instruments is as set out in these accounting policies.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Financial assets and liabilities are offset and the net amounts presented in the financial statements 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.

Notes to the financial statements (continued)
For the year ended 28 February 2019

2. Accounting policies (continued)

2.16 Valuation of investments

The investment in subsidiary is stated at cost less provision for any impairment in value.

Investments in funds, for which a fair value is available, included in the financial statements are held at their fair value with movements in fair value being recognised in the statement of comprehensive income.

2.17 Debtors

Short term debtors are measured at transaction price, less any provision for 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.

2.18 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.

2.19 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.

2.20 Finance leases

Assets acquired under finance lease are capitalised at the lower of the fair value of the right of use asset or the present value of the minimum lease payments. The lease liability is subsequently measured at amortised cost using the effective interest method.

Tangible assets acquired under finance lease are depreciated as set out in note 2.14.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgments in applying the entity's accounting policies

The directors have not been required to exercise a significant degree of judgment in determining the treatment of transactions in these financial statements.

(b) Critical accounting estimates and assumptions

Bonus provisions

The bonus accrual included in the financial statements has been based on an expectation of the final performance of the employees during the year and thus may vary from the actual amounts paid out after year end.

Notes to the financial statements (continued)
For the year ended 28 February 2019

4. Turnover

An analysis of turnover by class of business is as follows:

Turnover is earned from the following classes of business:

	2019 £	2018 £
Management fees and other income	473,988,610	350,619,191
Performance fees	329,467,131	295,894,324
Recharge income	12,796,789	7,689,904
	<u>816,252,530</u>	<u>654,203,419</u>

Analysis of turnover by country of origin:

	2019 £	2018 £
United Kingdom	17,369	468,632
Rest of the world	816,235,161	653,734,787
	<u>816,252,530</u>	<u>654,203,419</u>

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible assets	3,732,702	3,713,369
Fees payable to the Company's auditors for:		
- The audit of these financial statements	38,000	36,850
- the audit of the Group's subsidiaries pursuant to legislation	40,500	39,350
- Taxation advisory services	-	72,714
- Non audit consultancy fees	29,158	29,965
Other operating lease rentals	4,428,475	4,205,568

6. Employees

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

	2019 £	2018 £
Wages and salaries	61,866,866	39,237,768
Social security costs	8,390,643	6,801,873
Pension contributions	1,351,732	1,289,390
	<u>71,609,241</u>	<u>47,329,031</u>

Notes to the financial statements (continued)
For the year ended 28 February 2019

6. Employees (continued)

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

	2019 No.	2018 No.
Office and administration	102	95
Fund management	54	51
	<u>156</u>	<u>146</u>

7. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	<u>600,000</u>	<u>600,000</u>
The highest paid director received remuneration of	<u>100,000</u>	<u>100,000</u>

8. Interest receivable and similar income

	2019 £	2018 £
Other interest receivable	<u>624,559</u>	<u>135,592</u>

9. Interest payable and similar charges

	2019 £	2018 £
Other interest paid	<u>189,926</u>	<u>336,598</u>

Notes to the financial statements (continued)
For the year ended 28 February 2019

10. Taxation

	2019 £	2018 £
Corporation tax:		
Current tax on profits for the year	29,907,602	23,547,843
Adjustments in respect of previous periods	(14,201)	(33,282)
	<u>29,893,401</u>	<u>23,514,561</u>
Foreign tax:		
Foreign tax on income for the year	25,365,224	27,866,249
Foreign tax in respect of prior periods	(203,330)	221,101
	<u>25,161,894</u>	<u>28,087,350</u>
Total current tax	<u>55,055,295</u>	<u>51,601,911</u>
Deferred tax:		
Origination and reversal of timing differences	(1,686,859)	(2,189,982)
Adjustments in respect of previous periods	332,454	(312,250)
Effect of changes in tax rates	(171,039)	1,615,873
Foreign exchange	(59,029)	387,287
Total deferred tax	19 (1,584,473)	(499,072)
Taxation on profit on ordinary activities	<u>53,470,822</u>	<u>51,102,839</u>

Factors affecting the tax charge for the current year

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19.0% (2018: 19.08%). The differences are explained below:

	2019 £	2018 £
Profit for the financial year before taxation	<u>436,980,610</u>	<u>426,964,515</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.0% (2018: 19.08%)	83,026,316	81,485,885
Effects of:		
Expenses not deductible for tax purposes	225,357	1,190,169
Higher rate taxes on overseas earnings	5,147,297	12,787,915
Adjustment to tax charge in respect of prior year periods	114,923	(124,431)
Non-taxable income	(231,826)	(95,309)
Research and development credit	-	(112,771)
Gains transferred with no gain / no loss	-	12,077
Differences arising from changes in tax rates	(171,039)	1,615,873
Effects of group relief	(2,953)	-
Profit allocation to individual members subject to income tax	(34,578,224)	(46,043,856)
Foreign exchange	(59,029)	387,287
Total taxation	<u>53,470,822</u>	<u>51,102,839</u>

Notes to the financial statements (continued)
For the year ended 28 February 2019

10. Taxation (continued)

Factors that may affect future tax charges

The UK Government legislated in the Finance (No.2) Act 2017 which received Royal Assent on 18 November 2017 to reduce the standard rate of UK corporation tax to 18% from 1 April 2020. In the 2017 Finance Act, which received Royal Assent on 15 September 2017, the Government announced a further reduction in the rate of corporation tax to 17% from 1 April 2020. The reduced rates of UK corporation tax will affect future cash tax payments made by the Group.

The Company has a trading loss carried forward at 28 February 2019 of £737,863 (2018: £737,863) which is available indefinitely for offset against future trading profits of the same trade arising within the Company. Deferred tax is not being recognised in relation to this carry forward loss as there is uncertainty over the timing as to when these losses will be utilised.

11. Dividends

	2019 £	2018 £
Interim dividends of £504.670 per share (2018: £300.167) paid on Class A shares	<u>116,075,000</u>	<u>69,039,000</u>

12. Tangible assets

Group and Company	Long-term leasehold property £	Fixtures and fittings £	Computer equipment £	Non- depreciable items £	Total £
Cost:					
At 1 March 2018	20,245,405	2,337,827	9,899,245	279,925	32,762,402
Additions	46,001	71,856	2,419,089	-	2,536,946
Disposals	-	(7,195)	-	-	(7,195)
At 28 February 2019	<u>20,291,406</u>	<u>2,402,488</u>	<u>12,318,334</u>	<u>279,925</u>	<u>35,292,153</u>
Depreciation:					
At 1 March 2018	3,854,335	1,017,873	7,415,453	-	12,287,661
Charge for the year	1,241,005	434,843	2,056,854	-	3,732,702
Disposals	-	(5,396)	-	-	(5,396)
At 28 February 2019	<u>5,095,340</u>	<u>1,447,320</u>	<u>9,472,307</u>	<u>-</u>	<u>16,014,967</u>
Net book value:					
At 28 February 2019	<u>15,196,066</u>	<u>955,168</u>	<u>2,846,027</u>	<u>279,925</u>	<u>19,277,186</u>
At 28 February 2018	<u>16,391,070</u>	<u>1,319,954</u>	<u>2,483,792</u>	<u>279,925</u>	<u>20,474,741</u>

Included in computer equipment are assets with a net book value of £1,007,695 (2018: £nil) which are held under a finance lease described in note 17.

Artwork is not depreciated as it does not have a determinable useful life. Furthermore, there is no market-based evidence on which to base its fair value other than the cost of acquisition.

Notes to the financial statements (continued)
For the year ended 28 February 2019

13. Fixed asset investments

Group	Unlisted investments £
Cost or valuation	
At 1 March 2018	398,804
Additions	-
Fair value adjustments	(8,994)
Realised losses	(5,394)
FX adjustments	6,874
Disposals	(37,008)
At 28 February 2019	354,282

The fair value of the unlisted investments at 28 February 2019 was £354,282 (2018: £398,804) which is based on the net asset values of the underlying funds as determined by the fund administrators. These are considered to be level 2 observable valuation inputs.

Fair value losses of £8,994 (2018: Gains - £63,699) and realised losses of £5,394 (2018: Gains - £2,530) were recognised in the statement of comprehensive income from the investments held by the Group. In addition, fair value gains of £65,110 (2018: £3,043,449) and realised losses of £7,449 (2018: Gains - £1,486,160) derived from investments held by MW Ltd on behalf of the Group were also recognised in the statement of comprehensive income. MW Ltd is the Group's immediate parent and holds investments on behalf of the Group to match the Group's exposure to the deferred bonus liability.

All investments held by the Company in funds are designated as financial assets measured at fair value through profit or loss.

The different levels of the fair value hierarchy are as follows;

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

In accordance with the aforementioned fair value hierarchy, the unlisted investments have been designated level 2 financial instruments.

Company	Investments in subsidiaries £	Unlisted investments £	Investments in subsidiaries £
Cost or valuation			
At 1 March 2018	6,003,001	398,804	6,401,805
Fair value adjustments	-	(8,994)	(8,994)
Realised losses	-	(5,394)	(5,394)
FX adjustments	-	6,874	6,874
Disposals	-	(37,008)	(37,008)
At 28 February 2019	6,003,001	354,282	6,357,283

Notes to the financial statements (continued)
For the year ended 28 February 2019

13. Fixed asset investments (continued)

The investment in subsidiary comprises the Company's 100% holding in Marshall Wace LLP, a limited liability partnership incorporated in the United Kingdom. The principal activity of Marshall Wace LLP is to provide investment management and advisory services.

14. Debtors: amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Amounts owed by group undertakings	101,225,736	76,118,247	80,217,297	77,942,911
Other debtors	2,640,422	1,585,139	2,395,160	1,508,397
Prepayments and accrued income	36,865,014	37,999,566	3,900,304	2,549,930
Receivable from funds	340,401	5,726,253	-	-
Deferred tax asset	19 7,206,416	5,621,943	1,032,011	826,865
	<u>148,277,989</u>	<u>127,051,148</u>	<u>87,544,772</u>	<u>82,828,103</u>

15. Cash and cash equivalents

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash at bank and in hand	20,491,650	32,423,351	4,153,120	2,818,897
Research payment account	9,328,352	6,475,434	-	-
	<u>29,820,002</u>	<u>38,898,785</u>	<u>4,153,120</u>	<u>2,818,897</u>

16. Creditors: amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade creditors	1,520,853	314,808	1,520,853	314,808
Amounts owed to group undertakings	1,622,921	4,416,613	2,022	665,722
Corporation tax payable	14,870,363	17,323,103	14,870,363	17,323,103
Other taxation and social security	2,917,463	3,167,021	2,917,463	3,167,021
Current portion of finance lease	387,575	-	387,575	-
Other creditors	506,309	488,132	307,075	488,132
Accruals and deferred income	48,609,651	54,723,250	34,151,976	37,676,786
	<u>70,435,135</u>	<u>80,432,927</u>	<u>54,157,327</u>	<u>59,635,572</u>

Notes to the financial statements (continued)
For the year ended 28 February 2019

17. Creditors: amounts falling due after one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Finance lease	<u>452,967</u>	<u>-</u>	<u>452,967</u>	<u>-</u>

The finance lease is secured over tangible assets as disclosed in note 12. The minimum lease payments are payable as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Within 1 year	493,535	-	493,535	-
After 1 year but within 5 years	<u>616,918</u>	<u>-</u>	<u>616,918</u>	<u>-</u>
	<u>1,110,453</u>	<u>-</u>	<u>1,110,453</u>	<u>-</u>

18. Financial instruments

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Financial assets				
Financial assets measured at fair value through profit or loss	354,282	398,804	354,282	398,804
Financial assets measured at amortised cost	135,945,237	118,361,480	81,614,126	78,933,512
Financial assets that are equity instruments measured at cost less impairment	<u>-</u>	<u>-</u>	<u>6,003,001</u>	<u>6,003,001</u>
	<u>136,299,519</u>	<u>118,760,284</u>	<u>87,971,409</u>	<u>85,335,317</u>

Financial liabilities

Financial liabilities measured at amortised cost	<u>(53,100,276)</u>	<u>(59,942,805)</u>	<u>(36,822,468)</u>	<u>(39,145,448)</u>
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Financial assets measured at fair value through profit or loss comprise the unlisted investments disclosed in note 13.

Financial assets measured at amortised cost comprise debtors disclosed in note 14 but excludes prepayments and taxation assets of £12,332,752 (2018: £8,689,669) for the Group and £5,930,646 (2018: £3,894,591) for the Company.

Financial assets that are equity instruments measured at cost less impairment comprise the investments in subsidiary companies disclosed in note 13.

Financial liabilities measured at amortised cost comprise creditors disclosed in note 16 and 17 but excludes taxation liabilities amounting to £17,787,826 (2018: £20,490,124) for the Group and £17,787,826 (2018: £20,490,124) for the Company.

Notes to the financial statements (continued)
For the year ended 28 February 2019

19. Deferred taxation

		Group 2019 £	Company 2019 £
At beginning of the year		5,621,943	826,865
Charged to the statement of comprehensive income	10	<u>1,584,473</u>	<u>205,146</u>
At end of the year		<u>7,206,416</u>	<u>1,032,011</u>

The deferred tax asset is made up as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Unrealised gain on investments	(939,315)	(834,839)	(9,310)	(8,239)
Unpaid remuneration adjustments	8,098,775	4,337,249	733,375	563,360
Reserves – Unrealised gain on fund investments and other provisions	-	168,791	-	4,930
Owned fixed assets realised through use	46,956	131,588	307,946	266,814
Income taxed in advance of receipt	-	1,819,154	-	-
	<u>7,206,416</u>	<u>5,621,943</u>	<u>1,032,011</u>	<u>826,865</u>

20. Share capital

	Company 2019 £	Company 2018 £
Allotted, called up and fully paid		
230,002 (2017: 230,002) Class A shares of £1 each	230,002	230,002
10 (2017: 10) Class B shares of £1 each	<u>10</u>	<u>10</u>
	<u>230,012</u>	<u>230,012</u>

The 'A' shares have voting, income, capital and redemption rights as agreed by all the members.
The 'B' shares have no voting, income or capital rights.

Notes to the financial statements (continued)
For the year ended 28 February 2019

21. Commitments under operating leases

At year end, the Company and the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Not later than 1 year	4,575,188	4,575,188	4,575,188	4,575,188
Later than 1 year and not later than 5 years	18,300,752	18,300,752	18,300,752	18,300,752
Later than 5 years	12,882,601	17,457,789	12,882,601	17,457,789
	<u>35,758,541</u>	<u>40,333,729</u>	<u>35,758,541</u>	<u>40,333,729</u>

22. Other financial commitments and contingencies

MW LLP has a fixed and floating charge over its cash balances in favour of Deutsche Bank AG as security for loan facilities provided to MW LLP. At year end cash amounting to £nil (2018: £5,632,413) was subject to the charge. The loan facility remains unused.

23. Financial risk management

The Group has three main areas of risks in relation to certain financial instruments measured at fair value through profit or loss.

Equity price risk

Price risk is the risk of changes in fair value of financial instruments from fluctuations, whether such change in price is caused by factors specific to the individual instrument or factors affecting all instruments traded in the markets.

The Group is not subject to equity price risk because the investment funds held by the Company which are classified as financial assets at fair value through profit or loss are held, to match the exposure of the deferred bonus liability (hedge of 100%). Any increase/decrease in profit before tax arising from the change in price of the investment funds will be fully offset by the corresponding rise or fall in the value of the liability.

The full exposure of the Group to equity price risk is limited to the fair value of the investments in funds.

Counterparty credit risk

The Group is exposed to counterparty credit risk to the extent redemptions of investments are due to the Group. The directors believe counterparty credit risk to be limited as the investment funds invest primarily in liquid assets that may be sold to fund any redemptions.

Foreign currency risk

Currency risk is the risk that the future cash flows or the fair values of financial instruments will fluctuate because of changes in foreign exchange rates. The investment funds held by the Group which are classified as financial assets at fair value through profit or loss are denominated in non-Sterling currencies. However, as the investment funds are held to match the exposure of the deferred bonus liability any increase/decrease in profit before tax arising from fluctuations in exchange will be fully offset by the corresponding rise or fall in the value of the liability.

Notes to the financial statements (continued)
For the year ended 28 February 2019

24. Related party transactions

During the year, the Group paid sub advisory fees to Marshall Wace North America, L.P. totalling £184,235,705 (2018: £114,351,312) and sales agent fees and support service fees totalling £7,476,957 (2018: £7,002,165). The Group also received a profit allocation of £99,724,828 (2018: £63,405,561) from Marshall Wace North America, L.P. At year end there was a balance of £19,806,846 (2018: £7,315,405) due to Marshall Wace North America, L.P. The entities are related through sharing the same ultimate controlling party.

During the year, the Group was charged sub advisory fees and support fees of £106,764,881 (2018: £110,411,514) by Marshall Wace Asia Limited. In addition, the Group received sales agent fees of £1,977,190 (2018: £1,140,179) from Marshall Wace Asia Limited. At year end there was a balance of £326,089 (2018: £2,793,007) receivable from Marshall Wace Asia Limited. The entities are related through sharing the same ultimate controlling party.

During the year, the Group charged sub advisory and support fees of £51,564,954 (2018: £57,070,129) to Marshall Wace (GP1) Limited. At year end there was a net balance of £nil (2018: £50,032) due from Marshall Wace (GP1) Limited. The entities are related through sharing the same ultimate controlling party.

During the year, the Group was charged £1,620,899 (2018: £1,030,800) by MW Group LP for support services received. At year end there was a net balance of £1,620,899 (2018: £1,623,606) due to MW Group LP. MW Group LP is the ultimate parent entity.

During the year, the Group received a net amount of £1,077,731 (2018: £12,431,147) from MW Ltd for investments under the Group's bonus deferral plan. The transfer of investments was conducted at fair value. The Group also provided funding to MW Ltd of £13,986,372 (2018: £nil). At year end there was a balance of £80,912,843 (2018: £67,575,781) due from MW Ltd which is included in debtors. The balance is interest free and has no fixed repayment date. MW Ltd is the Company's parent entity.

During the year, the Group was charged £124,677 (2018: £nil) by Marshall Wace Asset Management (Ireland) Limited for services provided in its capacity as a management company for Irish UCITS funds and as an alternative investment fund manager of an Irish QIAIF. At year end there was a net balance of £179,958 (2018: £nil) due to the Group in respect of advance payments to cover future month expenses which is included in debtors. Marshall Wace Asset Management Ireland Limited is related through sharing the same ultimate parent entity.

All transactions between group entities listed above are conducted at market rates on an arm's length basis.

25. Controlling party

The Company's immediate parent entity is MW Ltd.

The Company's ultimate parent entity is MW Group LP, a limited partnership registered and domiciled in the Cayman Islands.