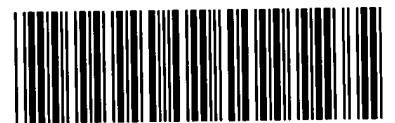


HBK Europe Management LLP

Members' Report and Financial Statements

For the year ended 31 March 2022

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COMPANIES HOUSE

HBK Europe Management LLP

Members

HBK Services LLC
HBK Cayman Ltd.
J Brown
A Cheyne
J Power
I Saimbi
J Swabe
P Virketis

Auditors

Ernst & Young LLP
25 Churchill Place
Canary Wharf
London
E14 5EY

Registered Office

11 Waterloo Place
London
United Kingdom
SW1Y 4AU

HBK Europe Management LLP

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HBK Europe Management LLP
Registered No: OC305359

Members' report

The Members present their report and audited financial statements of HBK Europe Management LLP (the "LLP") for the year ended 31 March 2022.

Principal activity

The principal activity of the LLP is the provision of investment management services. The LLP has a subadvisory agreement with HBK Services LLC ("HBK Services"), a limited liability company, based in Dallas, Texas, USA.

The LLP is regulated by the Financial Conduct Authority ("FCA") and is authorized to conduct investment business in the United Kingdom.

Business review and financial results

Pursuant to the subadvisory agreement between the LLP and HBK Services, the LLP receives a monthly management fee of £470,000 as of 31 March 2022 (£470,000 as of 31 March 2021). This agreement also allows for HBK Services to pay the LLP an additional fee based on the LLP's performance. The intention of the agreement is that the total fees paid to the LLP shall not be less than a reasonable rate of remuneration for the services provided by the LLP to HBK Services. The methodology used to determine the reasonableness of the rate of remuneration is reviewed annually.

The results for the year ended 31 March 2022 are shown in the Statement of comprehensive income. Operating profit increased by 118% to £10,838,343 for the financial year 2022 (2021 – £4,981,379). Administrative expenses also increased during the year predominantly due to increased professional services related to investment transactions.

The LLP's Statement of financial position shows a satisfactory position. Members' total interests as at 31 March 2022 amounted to £1,330,446 (2021 – £1,911,845).

Future developments

There are no plans which will significantly change the activities and risks of the LLP.

Policy with respect to Members' drawings, subscriptions and repayments of Members' capital

Policies for Members' drawings, subscriptions and repayment of Members' capital are governed by the Partnership Agreement dated 9 December 2019, as amended.

In accordance with the Partnership Agreement, each Member of the LLP is required to make a capital contribution. The LLP may also require further funding in addition to the capital contributions of the Members. Any Member may request to make an additional capital contribution which requires the agreement of the Designated Members. With the consent of a Member, all or a portion of such Member's capital may be designated as regulatory capital. Refer to Note 1 in the financial statements for the repayment terms and accounting policy in relation to classification of Members' capital.

Members are entitled to drawings from the LLP at the discretion of the Designated Members in anticipation of the allocation of future profits. If drawings are made in excess of allocated profits, the overdrawn balance shall be treated as an interest free loan from the LLP.

Members' profit allocation

Any profits are shared among the Members as governed by the Partnership Agreement dated 9 December 2019, as amended. Refer to Note 1 in the financial statements for the accounting policy in relation to allocation to Members.

HBK Europe Management LLP
Registered No: OC305359

Members' report (continued)

Risks and uncertainties

Given that the LLP's revenue is predominantly derived from the fees earned from providing investment management services to HBK Services, the LLP's principal risks relate to the credit and liquidity risks associated with the receipt of income on a timely basis from a single source. These risks are managed through regular dialogue with HBK Services to ensure that the LLP maintains sufficient working capital to meet its liabilities as they fall due.

From an operational perspective, the key risk relates to the potential for non-compliance with the regulations issued by the FCA that could subject the LLP to a fine or a ban on trading activities. This is managed through regular review of the LLP's compliance framework by the Governance Committee.

Going concern

Whilst the LLP remains dependent on a single source of revenue from HBK Services, the Members are not aware of any reason that the subadvisory agreement will be terminated in the foreseeable future, being at least twelve months from the date of approval of this report and financial statements. The nature of the agreement with HBK Services indicates a high degree of certainty that the LLP will continue to be profitable and, historically, the LLP has received income in a timely manner in order to manage its obligations (which are relatively predictable in nature). The Members considered various scenarios that could stress capital and operating liquidity. In addition, cash flow forecasts are reviewed on a monthly basis to ensure the LLP maintains sufficient capital and operating liquidity.

The Members have a reasonable expectation that the LLP has adequate resources to continue in operational existence, and meet its liabilities as they fall due, for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Members' report and financial statements.

Members

The Members of the LLP during the year and at the date of signing the financial statements were as follows:

HBK Services LLC	
HBK Cayman Ltd.	
J Brown	
A Cheyne	
J Freitas	(resigned 31 December 2021)
J Power	
I Saimbi	(admitted 4 January 2022)
J Swabe	
P Virketis	

HBK Services LLC and J Brown are Designated Members.

Disclosure of information to the auditors

So far as the Members are aware, there is no relevant audit information of which the LLP's auditors are unaware. The Members have taken all steps that they ought to have taken as Members in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of this information.

HBK Europe Management LLP
Registered No: OC305359

Members' report (continued)

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the Members.

On behalf of the Members



Jonathan Brown
Designated Member

25 July 2022

HBK Europe Management LLP

Statement of Designated Members' responsibilities

The Designated Members are responsible for preparing the Members' Report and the financial statements in accordance with applicable law and regulations.

Legislation applicable to limited liability partnerships (Companies Act 2006 as modified by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) requires the Designated Members to prepare financial statements for each financial year. Under that law the Designated Members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law. Under this legislation the Designated Members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that year. In preparing these financial statements, the Designated Members are required to:

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HBK EUROPE MANAGEMENT LLP

Opinion

We have audited the financial statements of HBK Europe Management LLP (the "limited liability partnership") for the year ended 31 March 2022 which comprise the Statement of comprehensive income, Reconciliation of members' interests, Statement of financial position, Statement of cash flows and the related notes 1 to 13, 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the limited liability partnership's affairs as at 31 March 2022 and of its profit for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

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 limited liability partnership 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

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the limited liability partnership's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the limited liability partnership's ability to continue as a going concern.

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 members are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

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 course of 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 themselves. 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- ▶ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ▶ the financial statements are not in agreement with the accounting records and returns; or
- ▶ we have not received all the information and explanations we require for our audit.

Responsibilities of members

As explained more fully in the Members' Responsibilities Statement set out on page 4, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the partnership 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or

intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

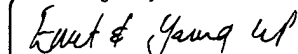
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the limited liability partnership and determined that the most significant are those that relate to the reporting framework, being United Kingdom Accounting Standards including Financial Reporting Standard 102 and the Companies Act 2006 as applied to limited liability partnerships. In addition, the limited liability partnership is required to comply with relevant Financial Conduct Authority's (FCA) rules and regulations relating to its operations.
- We understood how the limited liability partnership is complying with those frameworks by making enquiries of management and by seeking representation from those charged with governance. We corroborated our understanding through our review of documented policies and procedures.
- We assessed the susceptibility of the limited liability partnership's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by designating revenue recognition as a fraud risk. We performed journal entry testing by specific risk criteria, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business. We recalculated the revenue based on the transfer pricing arrangement applied by management and tested a sample of inputs in the calculation back to source documentation.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved making enquires of management and those charged with governance, review of legal and professional expenses, review of breaches and complaints register, and review of board meeting minutes.
- The limited liability partnership is regulated by the FCA and was authorised to conduct investment business on 28 November 2003. The principal activities of the limited liability partnership is to provide investment management services. As such, the Senior statutory auditor reviewed the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities.

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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to Limited Liability Partnerships. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:



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James Beszant (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London, United Kingdom

26 July 2022

HBK Europe Management LLP

Statement of comprehensive income

for the year ended 31 March 2022

		2022	2021
	Notes	£	£
Turnover	2, 11	17,951,982	11,093,289
Other operating income		857,017	1,174,781
Administrative expenses		(7,970,656)	(7,286,691)
Operating profit	3	10,838,343	4,981,379
Interest income		105	30
Profit for the financial year before Members' remuneration and profit shares		10,838,448	4,981,409
Members' remuneration charged as an expense		—	(732,789)
Profit for the financial year available for discretionary division among Members		10,838,448	4,248,620
Other comprehensive income		—	—
Total comprehensive income for the financial year available for discretionary division among Members		10,838,448	4,248,620

All amounts relate to continuing activities.

The accompanying notes form an integral part of these financial statements.

HBK Europe Management LLP

Reconciliation of Members' interests

for the year ended 31 March 2022

	Equity			Debt			
	<i>Members' capital classified as equity</i>	<i>Other reserves</i>	<i>Total</i>	<i>Members' capital classified as debt</i>	<i>Loans and other debts to/(from) Members</i>	<i>Total</i>	<i>Total Members' interests</i>
	£	£	£	£	£	£	£
<i>Amounts due to Members</i>					710,965		
<i>Amounts due from Members</i>					(168,963)		
At 1 April 2020	1,725,000	—	1,725,000	40,438	542,002	582,440	2,307,440
Repayment of Members' capital	—	—	—	(1,000)	—	(1,000)	(1,000)
Profit for the year	—	4,981,409	4,981,409	—	—	—	4,981,409
Members' remuneration charged as an expense	—	(732,789)	(732,789)	—	—	—	(732,789)
Profit allocations	—	(4,248,620)	(4,248,620)	—	4,248,620	4,248,620	—
Distributions to Members	—	—	—	—	(4,590,811)	(4,590,811)	(4,590,811)
Other transactions with Members	—	—	—	—	(52,404)	(52,404)	(52,404)
At 31 March 2021	<u>1,725,000</u>	<u>—</u>	<u>1,725,000</u>	<u>39,438</u>	<u>147,407</u>	<u>186,845</u>	<u>1,911,845</u>
<i>Amounts due to Members</i>					364,074		
<i>Amounts due from Members</i>					(216,667)		
Issue of Members' capital	—	—	—	1,000	—	1,000	1,000
Repayment of Members' capital	—	—	—	(1,000)	—	(1,000)	(1,000)
Profit for the year	—	10,838,448	10,838,448	—	—	—	10,838,448
Profit allocations	—	(10,838,448)	(10,838,448)	—	10,838,448	10,838,448	—
Distributions to Members	—	—	—	—	(10,528,467)	(10,528,467)	(10,528,467)
Other transactions with Members	—	—	—	—	(891,380)	(891,380)	(891,380)
At 31 March 2022	<u>1,725,000</u>	<u>—</u>	<u>1,725,000</u>	<u>39,438</u>	<u>(433,992)</u>	<u>(394,554)</u>	<u>1,330,446</u>
<i>Amounts due to Members</i>					678,755		
<i>Amounts due from Members</i>					(1,112,747)		

The accompanying notes form an integral part of these financial statements.

HBK Europe Management LLP

Statement of financial position

at 31 March 2022

	Notes	2022 £	2021 £
Fixed assets			
Tangible fixed assets	8	81,492	143,548
		<u>81,492</u>	<u>143,548</u>
Current assets			
Debtors	6, 10	1,743,512	735,854
Cash and cash equivalents		2,103,691	2,101,403
		<u>3,847,203</u>	<u>2,837,257</u>
Current liabilities			
Creditors: amounts falling due within one year	7, 10	(1,485,502)	(852,293)
		<u>2,361,701</u>	<u>1,984,964</u>
Net current assets		<u>2,443,193</u>	<u>2,128,512</u>
Net assets attributable to Members		<u>2,443,193</u>	<u>2,128,512</u>
Represented by:			
Loans and other debts due to Members			
Members' capital classified as a liability		39,438	39,438
Other amounts due to Members	10	678,755	364,074
		<u>718,193</u>	<u>403,512</u>
Equity			
Members' capital		1,725,000	1,725,000
		<u>2,443,193</u>	<u>2,128,512</u>
Memorandum of Members' total interests			
		2022 £	2021 £
Amounts due from Members	6, 10	(1,112,747)	(216,667)
Loans and other debts due to Members		718,193	403,512
Members' other interests		1,725,000	1,725,000
		<u>1,330,446</u>	<u>1,911,845</u>
Members' total interests		<u>1,330,446</u>	<u>1,911,845</u>

The accompanying notes form an integral part of these financial statements.

The financial statements were approved by the Members on 25 July 2022 and are signed on their behalf by:


Jonathan Brown
Designated Member
For and on behalf of the Members

HBK Europe Management LLP

Statement of cash flows

for the year ended 31 March 2022

	Notes	2022 £	2021 £
<i>Cash flows from operating activities</i>			
Operating profit		10,838,343	4,981,379
Adjustments for:			
Depreciation	8	63,864	97,973
(Increase)/decrease in debtors		(111,578)	23,286
Increase in creditors		633,209	2,398
<i>Net cash inflows from operating activities</i>		11,423,838	5,105,036
<i>Cash flows from investing activities</i>			
Payment to acquire tangible fixed assets	8	(1,808)	–
Interest received		105	30
<i>Net cash (outflows)/inflows from investing activities</i>		(1,703)	30
<i>Cash flows from financing activities</i>			
Issue of Members' capital		1,000	–
Repayment of Members' capital		(1,000)	(1,000)
Members' remuneration charged as an expense		–	(732,789)
Distributions to Members		(10,528,467)	(4,590,811)
Other transactions with Members		(891,380)	(52,404)
<i>Net cash outflows from financing activities</i>		(11,419,847)	(5,377,004)
<i>Net increase/(decrease) in cash and cash equivalents</i>		2,288	(271,938)
<i>Cash and cash equivalents at beginning of year</i>		2,101,403	2,373,341
<i>Cash and cash equivalents at end of year</i>		2,103,691	2,101,403

The accompanying notes form an integral part of these financial statements.

HBK Europe Management LLP

Notes to the financial statements

for the year ended 31 March 2022

1. Accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis in accordance with applicable UK accounting standards, under the historical cost convention and in accordance with the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' dated January 2017.

The Members believe that the preparation of the financial statements on a going concern basis remains appropriate after considering various scenarios that could stress capital and operating liquidity.

Additionally, whilst the LLP remains dependent on a single source of revenue from HBK Services, the Members are not aware of any reason that the subadvisory agreement will be terminated in the foreseeable future. The nature of the agreement with HBK Services indicates a high degree of certainty that the LLP will continue to be profitable, and, historically, the LLP has received income in a timely manner in order to manage its obligations (which are relatively predictable in nature). The Members have a reasonable expectation that the LLP has adequate resources to continue in operational existence and meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements. As a result, the Members have prepared the financial statements on the going concern basis.

Statement of compliance with FRS 102

The financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102").

Key judgements and estimates

In applying the LLP's accounting policies, the Members may be required to make judgements and estimates that could impact the amounts reported for assets and liabilities at the Statement of financial position date and the amounts reported for revenues and expenses during the year.

The Members consider the following to be significant accounting judgements made during the year:

- Classification of Members' remuneration as discretionary or fixed remuneration charged as an expense
- Recognition of the LLP's lease obligations as operating leases
- Classification of Members' capital as debt or equity

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

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

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided to write-off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Office equipment is depreciated over 3 - 7 years.

Leasehold improvements are depreciated over the term of the lease.

HBK Europe Management LLP

Notes to the financial statements (continued)

for the year ended 31 March 2022

Debtors

Short term debtors are measured at the transaction price, less any impairment. The carrying value of short term debtors approximates its fair value.

Cash and cash equivalents

Cash and cash equivalents is defined as cash on deposit at financial institutions and investments in money market funds.

Creditors

Short term creditors are measured at the transaction price. The carrying value of short term creditors approximates its fair value.

Operating leases

Rentals payable under operating leases are charged in the Statement of comprehensive income on a straight-line basis over the lease term.

Revenue recognition

Income represents fees receivable for investment management services per the Sixth Amended and Restated Subadvisory Agreement with HBK Services effective 1 January 2021 and is recognised on an accrual basis when the LLP obtains the right for consideration in exchange for its performance of services. Such amounts are included in *Turnover* in the Statement of comprehensive income. *Turnover* is measured at the fair value of the consideration received, excluding rebates and VAT.

HBK Services, in its sole discretion, may elect to defer payment of a portion (not to exceed 50%) of the incentive fee otherwise payable by HBK Services to the LLP pursuant to the subadvisory agreement between HBK Services and the LLP. Such amounts are referred to as *Deferred incentive fee* in Note 11.

Cash received from research charge collection agreements is recognised as *Other operating income* in the Statement of comprehensive income when funded on a transaction-by-transaction basis.

Foreign currencies

The functional and presentational currency of the LLP is pound sterling (£).

Transactions in foreign currencies are recorded at the rate of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the Statement of financial position date. All foreign exchange differences are taken to the Statement of comprehensive income.

Taxation

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

Expenses

Expenses incurred have been recognised on an accrual basis.

Pension schemes

The LLP contributes to defined contribution schemes, including a Simplified Employee Pension (SEP) plan and a workplace pension scheme, for qualified individuals. The pension costs represent the amounts paid into the participants' accounts by the LLP and are recognised in the Statement of comprehensive income on an accrual basis.

HBK Europe Management LLP

Notes to the financial statements (continued)

for the year ended 31 March 2022

Members' capital and profit allocations

In accordance with the Partnership Agreement, regulatory capital contributed by Members is recognised as equity in the financial statements of the LLP on the basis that 1) it is only repayable to Members if a Member ceases to be a Member and only if an equal amount of regulatory capital is contributed by another Member or 2) it may be withdrawn as determined by HBK Services in its absolute discretion, subject to any waiver required from the FCA, where the LLP will remain in compliance with applicable prudential requirements relating to regulatory capital. Capital contributed by Members is recognised as debt in the financial statements on the basis that capital is repayable to a Member in the event the Member ceases to be a Member of the LLP.

Where the LLP has no fixed obligation to allocate profits to Members, remuneration is allocated on a discretionary basis and accordingly, shown as a deduction from Members' interests. Where the LLP has a fixed obligation to allocate profits to Members, remuneration is allocated on a non-discretionary basis and accordingly, shown in the Statement of comprehensive income.

Any cash drawings withdrawn from the LLP by Members in advance of a profit allocation are recognised as a loan due from Members. Profit allocations which exceed drawings made by Members, if any, will be represented as a loan amount due to Members from the LLP.

2. Turnover

Turnover represents management fees and incentive fees earned in providing investment management services in the UK to the United States of America. The fees are earned pursuant to a subadvisory agreement with HBK Services, a related party transaction discussed in more detail in Note 10.

3. Operating profit

This is stated after charging:

	2022	2021
	£	£
Auditors' remuneration:		
Fees payable to the LLP's auditor for the audit of the LLP's annual accounts	36,000	30,000
Non-audit fees payable to the LLP's auditor	19,712	26,895
Depreciation in respect of tangible fixed assets owned by the LLP	63,864	97,973
Operating lease rentals – land and buildings	350,675	350,675
Foreign exchange (gain)/loss	(24,992)	69,250

HBK Europe Management LLP

Notes to the financial statements (continued)

for the year ended 31 March 2022

4. Staff costs

	2022	2021
	£	£
Wages and salaries	2,640,596	2,623,680
Social security costs	357,808	347,032
Pension contributions	34,168	42,667
	<u>3,032,572</u>	<u>3,013,379</u>

The average monthly number of employees during the year was 10 (2021 – 13), including 6 investment professionals (2021 – 8), 2 technology personnel (2021 – 3) and 2 executive and professional support personnel (2021 – 2).

5. Members' remuneration

	2022	2021
	£	£
Members' remuneration (including remuneration charged as an expense) attributable to the Member who received the largest share of profits	<u>5,503,575</u>	<u>1,219,150</u>

The average number of Members during the year was 8 (2021 – 9).

6. Debtors

		2022	2021
	Notes	£	£
Amounts due from Members	10	1,112,747	216,667
Other debtors		262,677	118,531
Prepayments		368,088	400,656
		<u>1,743,512</u>	<u>735,854</u>

7. Creditors: amounts falling due within one year

		2022	2021
	Notes	£	£
Trade payables		895,728	112,796
Amounts due to affiliated undertakings	10	–	937
Accruals and other payables		589,774	738,560
		<u>1,485,502</u>	<u>852,293</u>

Loans and other debts due to Members rank below debts due to ordinary creditors in the event of winding up.

HBK Europe Management LLP

Notes to the financial statements (continued)

for the year ended 31 March 2022

8. Tangible fixed assets

	<i>Leasehold improvements</i> £	<i>Office equipment</i> £	<i>Total</i> £
Cost:			
At 1 April 2021	440,124	504,840	944,964
Additions	–	1,808	1,808
Disposals	–	(16,486)	(16,486)
At 31 March 2022	440,124	490,162	930,286
Depreciation:			
At 1 April 2021	320,654	480,762	801,416
Provided during the year	46,247	17,617	63,864
Disposals	–	(16,486)	(16,486)
At 31 March 2022	366,901	481,893	848,794
Net book value:			
At 31 March 2022	73,223	8,269	81,492
At 31 March 2021	119,470	24,078	143,548

9. Operating lease commitments

At 31 March 2022, the LLP was committed to making the following total future minimum lease payments under non-cancellable operating leases.

	<i>Land and buildings</i>	
	2022	2021
	£	£
Amounts due:		
Not later than one year	384,600	384,600
Later than one year and not later than five years	209,357	593,957

10. Related party transactions

HBK Services is the partnership member of the LLP. During the year, management fees and incentive fees of £17,951,982 (2021 – £11,093,289) were earned by the LLP for investment management services provided to HBK Services. This is reported in *Turnover* in the Statement of comprehensive income. At 31 March 2022, HBK Services owed £1,167,219 (2021 – £273,945) to the LLP for such services. During the year, HBK Services incurred administrative expenses amounting to a net of £533,844 (2021 – £675,852) on behalf of the LLP. At 31 March 2022, the LLP owed £54,472 (2021 – £57,278) to HBK Services for such expenses. The net amount HBK Services owed to the LLP at 31 March 2022 of £1,112,747 (2021 – £216,667) is reported in *Amounts due from Members* in the Statement of financial position, Reconciliation of Members' interests, and Note 6.

HBK Cayman Ltd. is the corporate member of the LLP. During the year, the LLP incurred expenses amounting to a net of £4,850 (2021 – £4,700) on behalf of HBK Cayman Ltd. At 31 March 2022, HBK Cayman Ltd. owed £Nil (2021 – £4,700) to the LLP for such expenses.

During the year, HBK New York LLC, an affiliated company registered in the United States of America, incurred expenses amounting to a net of £56,963 (2021 – £21,961) on behalf of the LLP. At 31 March 2022, the LLP owed £Nil (2021 – £937) to HBK New York LLC for such expenses.

HBK Europe Management LLP

Notes to the financial statements (continued)

for the year ended 31 March 2022

Key management personnel are considered to be the Members of the LLP and the remuneration allocated to the Members is disclosed in Reconciliation of Members' interests.

11. Subadvisory agreement

This note sets out the amounts that have been recognised in the Statement of comprehensive income and Statement of financial position respectively, in regards to deferred incentive fee.

	2022 £	2021 £
Statement of comprehensive income		
Income		
- Net deferred incentive fee received/(returned)	3,174,910	(579,910)
Expense		
-Expense for employees	272,272	274,670
Statement of financial position		
Debtor		
- Deferred incentive fee receivable	338,196	273,945
Creditor		
- Deferred compensation payable	281,065	251,053

12. Ultimate controlling party

HBK Management LLC, a USA limited liability company, that has its principal place of business at 2300 North Field Street, Suite 2200, Dallas, Texas, 75201, USA is the ultimate controlling party.

13. Subsequent events

The Designated Members have performed an evaluation of subsequent events through 25 July 2022, which is the date the financial statements were available to be issued, and have determined that there are no other material subsequent events that would require disclosure on the LLP's financial statements.