

Registered number:
OC308795

BALYASNY EUROPE ASSET MANAGEMENT LLP

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021



BALYASNY EUROPE ASSET MANAGEMENT LLP

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BALYASNY EUROPE ASSET MANAGEMENT LLP

INFORMATION

Designated members

Balyasny International Asset Management II Limited
Balyasny International Asset Management Limited

LLP registered number

OC308795

Registered office

23 King Street
4th Floor
London
SW1Y 6QY

Independent auditors

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

BALYASNY EUROPE ASSET MANAGEMENT LLP

MEMBERS' REPORT

For the year ended 31 December 2021

The members present their annual report together with the audited financial statements of Balyasny Europe Asset Management LLP ("the LLP") for the year ended 31 December 2021.

Principal activities and review of the business

The principal activity of the LLP is to provide investment advisory and management services to its ultimate parent, Balyasny Asset Management L.P. ("BAM"), a limited partnership formed in the United States of America. The LLP is authorised and regulated by the Financial Conduct Authority (the "FCA").

The profit for the year before discretionary division among members was £4,517,752 (2020 profit: (£24,024,307)) as shown in the Statement of Comprehensive Income. Any profits or losses are shared among the Members as decided by the Managing Members and governed by the LLP Agreement.

In 2021, the profitability of the business was driven by positive performance from the portfolio management team.

Future developments

The directors expect the Group's level of activity to remain in line with recent performance over the forthcoming year. The ultimate beneficial owner remains focused on building the Group's presence and plans to further invest in the Group by continuing to hire key resources.

There are no planned future developments which would materially change the nature of the business and its principal risks which are related to market risks and performance fluctuations. In addition, the LLP has adequate financial resources and, as a consequence, the members believe that the LLP is well placed to manage its business risks successfully.

The members have also evaluated the impact of COVID-19 as the pandemic continues on the LLP's operations and ability to continue as a going concern, noting the current impact continues to be minimal. We have been focused on our risk taking and identifying opportunities in the volatility of the current markets. Management will continue to monitor the situation and its impact on the business.

BAM manages the cash for its subadvisors, providing funding monthly and/or as needed. In addition to the operating account which BAM funds for the LLP, the LLP has a liquidity account with a balance £2,599,330 for contingency funding which remains untapped. BAM has historically provided the LLP the liquidity to meet its ongoing obligations and has pledged to continue to do so. Additionally, the LLP's turnover based on the residual profit split model, subject to a cost reimbursement floor as described in Note 2.3 which insulates the LLP from losses.

In the normal course of business, management performs stress testing, maintains a liquidity policy and monitors its regulatory capital position. Based on this ongoing monitoring, the forecasted AUM of the funds managed by BAM, and BAM's pledge to financially support the LLP as needed, management is comfortable that the LLP has the ability to meet its obligations as and when they fall due for the foreseeable future.

Designated members

The designated members during the year under review were:

Balyasny International Asset Management II Limited
Balyasny International Asset Management Limited.

Policies for members' drawings, subscriptions and repayment of members' capital are governed by the LLP Agreement.

BALYASNY EUROPE ASSET MANAGEMENT LLP

MEMBERS' REPORT (CONTINUED)

For the year ended 31 December 2021

Going concern

The members have a reasonable expectation that the LLP has the ability to continue as a going concern and is satisfied that the LLP has the resources to continue in business for the twelve months since the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Post balance sheet events

There have been no significant events affecting the LLP since the year end. Recent events relating to the armed conflict in Ukraine and the global economic sanctions that have resulted may adversely impact global economic and market activity, and contribute to significant volatility in financial markets. The impact of the conflict has been rapidly evolving, and the ultimate economic fallout and the long-term impact on economies, markets, industries and individual companies are not known. The LLP is monitoring developments relating to the conflict, however, the extent of the impact on financial performance will depend on future developments, which are highly uncertain and cannot be predicted.

Principal risks and uncertainties

The Group takes its governance and risk management obligations seriously and has in place policies and procedures that aim to deliver standards consistent with these obligations.

The directors consider the principal risks of the Group to be:

Operational risk

Operational risk is the potential for economic loss and/or reputational damage due to a serious error or failure of operations. Operational risk is managed through the Group's internal controls.

Business risk

The Group's income is largely derived from the ultimate beneficial owner, BAM. Business risk is the risk that global economic conditions adversely affect BAM and ultimately the Group's core income stream. The investment advisory marketplace is competitive and price and performance pressures from increased competition in the market over the long run could affect the business. The business risks are managed by the founders who are focused on generating returns and value for the investors.

Credit risk

Credit risk is the risk of financial loss to the Group if counterparties fail to meet contractual obligations. This arises principally from fees due from BAM and deposits placed with financial institutions. Fees due from BAM are reviewed to ensure timely collection. Credit risk associated with cash and cash equivalents is managed by placing deposits with reputable banks or financial institutions assigned high long-term credit ratings.

Market risk

Market risk is the risk of loss that arises from adverse movements in financial markets, such as changes in interest rates and foreign exchange, which affect the Group's income and/or the value of certain assets. As the Group does not engage in proprietary trading, its exposure to market risk is limited to any assets held that are denominated in a foreign currency, which for the Group is primarily the fees due from BAM, whose income is denominated in US Dollars.

BALYASNY EUROPE ASSET MANAGEMENT LLP

MEMBERS' REPORT (CONTINUED) **For the year ended 31 December 2021**

Members' responsibilities statement

The members are responsible for preparing the annual report and 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'. Company law, (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008), requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period.

In preparing these financial statements, the members 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 LLP will continue in business.

The 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 the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008). They 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.

Disclosure of information to auditors

Each of the companies who are members at the time when this Members' Report is approved has confirmed that:

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

Auditors

The auditors, Ernst & Young LLP, have indicated their willingness to continue in office. The designated members will propose a motion re-appointing the auditors at a meeting of the members.

This report was approved by the members on 22 April 2022 and signed on their behalf by:



D Guirguis
Director, on behalf of Balyasny International Asset Management Limited
Designated member

BALYASNY EUROPE ASSET MANAGEMENT LLP

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

Opinion

We have audited the financial statements of Balyasny Europe Asset Management LLP (the "Partnership") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Reconciliation of Members' Interests, the Statement of Cash Flows and the related notes 1 to 19, 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 December 2021 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 twelve 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.

BALYASNY EUROPE ASSET MANAGEMENT LLP

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

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 this gives rise to 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.

BALYASNY EUROPE ASSET MANAGEMENT LLP

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

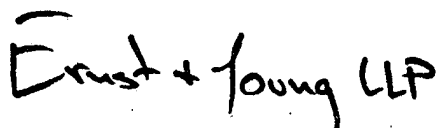
Our approach was as follows:

- 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 the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable to in the UK and Republic of Ireland, The Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008, and the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships'; dated December 2018. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of amounts and disclosures in the financial statements being Financial Conduct Authority ('FCA') rules and regulations.
- We understood how Balyasny Europe Asset Management LLP 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 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 Partnership's 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 non-compliance with such laws and regulations. Our procedures involved enquires of management on non-compliance with laws and regulations. We corroborated our enquiries through our review of legal and professional expenses, breaches and complaints register, correspondence received from regulatory bodies, and review of meeting minutes.

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.



Ahmer Huda (Senior statutory auditor)

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

London

26 April 2022

BALYASNY EUROPE ASSET MANAGEMENT LLP**STATEMENT OF COMPREHENSIVE INCOME**
For the year ended 31 December 2021

	Note	2021 £	2020 £
Turnover	4	142,843,749	173,874,875
Operating expenses		(138,363,920)	(149,854,229)
Operating profit	5	4,479,829	24,020,646
Interest receivable and similar income	9	37,923	3,661
Total comprehensive income for the year before discretionary division among members		4,517,752	24,024,307

There was no other comprehensive income for year ended 31 December 2021 (2020: £NIL).

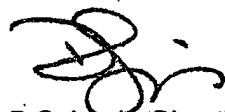
All amounts are derived from continuing operations.

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

BALYASNY EUROPE ASSET MANAGEMENT LLP
STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Note	2021 £	2020 £
NON-CURRENT ASSETS			
Tangible assets	10	691,753	707,254
Debtors: amounts falling due after more than one year	11	<u>3,833,669</u>	<u>1,021,074</u>
Total non-current assets		4,525,422	1,728,328
CURRENT ASSETS			
Debtors: amounts falling due within one year	11	121,512,087	153,401,229
Cash deposits at bank	12	<u>5,621,205</u>	<u>6,009,357</u>
		<u>127,133,292</u>	<u>159,410,586</u>
Creditors: amounts falling due within one year	13	<u>(90,711,583)</u>	<u>(120,831,074)</u>
Net current assets		36,421,709	38,579,512
Creditors: amounts falling due after more than one year	13	<u>(3,334,370)</u>	<u>(1,718,362)</u>
Net assets attributable to members		<u>37,612,761</u>	<u>38,589,478</u>
REPRESENTED BY:			
Amounts due from members	15	(1,533,952)	-
Loans and other debts due to members within one year	15	20,222	3,196,456
Members' other interests			
Members' capital classified as equity		<u>39,126,491</u>	<u>35,393,022</u>
Total members' interests		<u>37,612,761</u>	<u>38,589,478</u>
Amounts due from members	15	(1,533,952)	-
Loans and other debts due to members	15	20,222	3,196,456
Members' other interests		<u>39,126,491</u>	<u>35,393,022</u>
		<u>37,612,761</u>	<u>38,589,478</u>

The financial statements were approved and authorised for issue by the members and were signed on their behalf on 22 April 2022.



D Guirguis, Director on behalf of Balyasny International Asset Management Limited
Designated member

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

BALYASNY EUROPE ASSET MANAGEMENT LLP
RECONCILIATION OF MEMBERS' INTERESTS
For the year ended 31 December 2021

	Members' capital (classified as equity) £	Other reserves £	Total £	Loans and other debts due to members less any amounts from members in debtors £	Total members' interests £
Balance at 31 December 2019	<u>16,103,334</u>	<u>-</u>	<u>16,103,334</u>	<u>369,921</u>	<u>16,473,255</u>
Profit for the year available before discretionary division among members	<u>-</u>	<u>24,024,307</u>	<u>24,024,307</u>	<u>-</u>	<u>24,024,307</u>
Members' interests after profit for the year	<u>16,103,334</u>	<u>24,024,307</u>	<u>40,127,641</u>	<u>369,921</u>	<u>40,497,562</u>
Other division of losses	<u>-</u>	<u>(24,024,307)</u>	<u>(24,024,307)</u>	<u>24,024,307</u>	<u>-</u>
Amounts introduced by members	<u>19,289,688</u>	<u>-</u>	<u>19,289,688</u>	<u>-</u>	<u>19,289,688</u>
Drawings	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,197,772)</u>	<u>(21,197,772)</u>
Balance at 31 December 2020	<u>35,393,022</u>	<u>-</u>	<u>35,393,022</u>	<u>3,196,456</u>	<u>38,589,478</u>
Profit for the year available before discretionary division among members	<u>-</u>	<u>4,517,752</u>	<u>4,517,752</u>	<u>-</u>	<u>4,517,752</u>
Members' interests after profit for the year	<u>35,393,022</u>	<u>4,517,752</u>	<u>39,910,774</u>	<u>3,196,456</u>	<u>43,107,230</u>
Other division of profits	<u>-</u>	<u>(4,517,752)</u>	<u>(4,517,752)</u>	<u>4,517,752</u>	<u>-</u>
Amounts introduced by members	<u>3,836,147</u>	<u>-</u>	<u>3,836,147</u>	<u>-</u>	<u>3,836,147</u>
Drawings	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,330,616)</u>	<u>(9,330,616)</u>
Balance at 31 December 2021	<u>39,229,169</u>	<u>-</u>	<u>39,229,169</u>	<u>(1,616,408)</u>	<u>37,612,761</u>
Amounts due to members				20,222	
Amount due from members				<u>(1,533,952)</u>	
				<u>(1,513,730)</u>	

There are no existing restrictions or limitations which impact the ability of the members of the LLP to reduce the amount of Members' other interests.

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

BALYASNY EUROPE ASSET MANAGEMENT LLP**STATEMENT OF CASH FLOWS****For the year ended 31 December 2021**

	2021 £	2020 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	4,517,752	24,024,307
ADJUSTMENTS FOR:		
Depreciation of tangible assets	158,361	215,760
Disposal of fixed assets	89,724	9,814
Interest received	(37,923)	(3,661)
(Increase) in debtors	(1,864,116)	(1,054,890)
Decrease/(increase) in amounts owed by group undertakings	33,374,757	(96,212,417)
(Decrease)/increase in creditors	(30,937,577)	76,409,186
Net cash generated from operating activities	5,300,978	3,388,099
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(232,584)	(11,676)
Interest received	37,923	3,661
Transactions with members	(5,494,469)	(1,908,084)
Net cash used in investing activities	(5,689,130)	(1,916,099)
Net (decrease)/increase in cash and cash equivalents	(388,152)	1,472,000
Cash and cash equivalents at beginning of year	6,009,357	4,537,357
Cash and cash equivalents at the end of year	5,621,205	6,009,357
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR COMPRISE:		
Cash at bank and in hand	<u>5,621,205</u>	<u>6,009,357</u>
SUPPLEMENTAL DISCLOSURES:		
Non-Cash Activities:		
Loan from related party	2,434,094	
Loan to related party	(2,434,094)	

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

BALYASNY EUROPE ASSET MANAGEMENT LLP

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. Organisation

Balyasny Europe Asset Management LLP (the "LLP") is a limited liability partnership incorporated in England and Wales on 29 July 2004. The address of its registered office and its trading address is 23 King Street, 4th Floor, London, SW1Y 6QY.

The principal activity of the LLP is to provide investment advisory and management services to Balyasny Asset Management L.P. ("BAM"), the parent company. BAM is a limited partnership formed in the United States of America.

The LLP was authorised to conduct investment business by the Financial Conduct Authority "FCA" on 7 June 2005. The LLP is regulated by the FCA.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

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 LLP's accounting policies (see Note 3).

2.2 Going concern

Management continues to monitor the impact that the COVID-19 pandemic has on the LLP, the asset management industry and the economies in which the LLP operates. The members do not expect COVID-19 to have a material impact on the company's future operations, ability to continue trading or future profitability. The LLP is dependent on the ability of BAM to continue to provide sufficient financial support to meet the LLP's liabilities as they fall due.

Management performs an impact analysis as part of their going concern assessment using information available to the date of issue of these financial statements. The analysis has modelled adverse scenarios to assess the potential impact they may have on BAM and the LLP's operations, liquidity, solvency and regulatory capital position of the LLP as well as relevant stress tests to assess the stress the balance sheet has to endure before there is a breach of the relevant regulatory capital requirement and including an assessment of any relevant mitigations management have within their control to implement.

The members of the LLP have determined that the LLP has sufficient financial resources and liquidity to meet its short-term liabilities as they fall due, and that BAM confirmed in its letter of support to the LLP that it will provide financial support to meet the LLP's liabilities if required for a period of at least 12 months from the date of approval of the financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing the LLP's financial statements.

2.3 Summary of significant accounting policies

Turnover

Turnover is measured as the fair value of the consideration received or receivable for the provision of services in the ordinary course of the LLP's activities.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

2.3 *Summary of significant accounting policies (continued)*

Turnover (continued)

The LLP is principally engaged in the provision of investment advisory and management services to BAM. BAM pays the LLP a service fee for providing such services. The service fee is based on the residual profit-split model, subject to a cost reimbursement floor. In cases where the share of the profit to be received by the LLP would not leave sufficient income to cover its operating costs, it may be reasonable for BAM to reimburse the LLP at cost until its operating expense shortfall is covered. In a future period when the LLP is profitable, BAM would be reimbursed for covering the shortfall. Service fee income is recognised on an accrual basis when the services have been rendered.

Employee compensation and benefits

a) **Defined contribution pension plan**

The LLP operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the LLP pays fixed contributions into a separate entity. The LLP has no further payment obligations once the contributions have been paid. The assets of the plan are held separately from the LLP in independently administered funds.

b) **Bonus**

Employees are eligible to receive discretionary bonuses based on individual performance and the investment performance of the funds managed by BAM. The expected costs of bonus payments are recognised as a liability when the LLP has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled. Bonus amounts are accrued in the current year and are paid in the following year.

c) **Deferred compensation plan**

The LLP maintains a deferred compensation plan where a percentage of each employee's compensation over a specified amount in a given year is deferred for three years. The deferral plan was waived in 2020 and thereafter, such that compensation will no longer be subject to deferral. Previously awarded deferred compensation will vest in accordance with the terms of the plan in place when the compensation was awarded. Additionally, the deferred amount is indexed to the performance of an underlying affiliated fund and is increased or decreased annually based on the return of the affiliated fund. For amounts awarded before 2019, the amounts vest in the third year after the original deferral date if the employee maintains employment with the LLP during this time. For amounts awarded in 2019, the deferred amounts vest and are payable one-third per year for three years on each annual anniversary after the award date. Amounts were expensed with a corresponding liability over the three year vesting period.

In certain cases, such as the employee voluntarily terminating before the three year period, the unvested deferred bonus is forfeited. Prior unvested deferred compensation awarded to portfolio managers may be clawed back to offset current year trading losses generated by the portfolio manager before such losses are carried forward. In the case of a forfeiture or clawback, any unvested amount of deferred compensation recognised in the financial statements previously will be reversed and credited to the statement of comprehensive income.

d) **Sign-on Bonuses**

Sign-on bonus may be awarded to certain employees and are either paid upon hiring of the employee, or on the anniversary of employment. These bonuses are subject to clawback provisions that generally requires the bonus to be repaid if the employee voluntarily terminates, or is terminated for cause within the clawback period. Sign-on bonuses are recorded as a prepaid expense and amortized over the clawback period, which is representative of the service period over which the award is earned. Anniversary sign-on bonuses are accrued until the date of payment, then recorded as a prepaid expense and amortized through the clawback period.

The LLP may also offer deferred sign-on bonuses to certain employees. These awards are accrued over the vesting period.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

2.3 *Summary of significant accounting policies (continued)*

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rent amounts paid under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term. Lease incentives are recognised as deferred rent on the balance sheet and are amortised over the lease term as a reduction to rent expense.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of comprehensive income in the period in which it is incurred.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over the following estimated useful lives:

Useful lives

Leasehold property	Lease term
Office equipment	4 to 5 years
Computer equipment	4 to 5 years
Furniture & fixtures	7 years

The gain or loss on disposal of items of property and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset and is recognised in profit or loss.

The assets' residual values, useful lives and the depreciation method are reviewed and adjusted, if appropriate, at least at each financial year end. In August 2021 the Company updated its policy to assign computer and office equipment an estimated life of four years on a go forward basis.

Financial instruments

The LLP only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable.

Bank balances, amount due from group undertakings, other receivables and other assets are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost, less accumulated impairment losses. Any changes in their value are recognised in the statement of comprehensive income.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired or where the LLP has transferred its contractual rights to receive the cash flows of the financial assets and has transferred substantially all the risks and rewards of ownership. On derecognition, the difference between the carrying amount and the sum of the consideration received is recognised in the statement of comprehensive income.

The LLP's financial liabilities include accruals and other payables which represent liabilities for goods and services provided to the LLP prior to the end of financial year which are unpaid. The financial liabilities are recognised when the LLP becomes a party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities are subsequently measured at amortised cost, using the effective interest method. In the event the effect of discounting would be insignificant, financial liabilities are stated at cost. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled, or expired. Gains or losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

2. Summary of significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Impairment of assets

a) Non-financial assets

Property and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

b) Financial assets

The LLP assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor; probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired. The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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.

Cash and bank balances

For the purpose of presentation in the statement of cash flows, cash and bank balances include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

The LLP's Liquidity Risk Management Policy is intended to ensure that the LLP maintains liquid resources, including contingency funding arrangements, at all times which are adequate, both as to amount and quality, to ensure that there is no significant risk that the LLP's liabilities cannot be met as they fall due. As part of this policy, the LLP maintains one month of the LLP's base salary plus tax in an account which is segregated from the operating cash account. The amount is updated periodically to reflect changes in headcount.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

2. Summary of significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

Foreign currency translation

The financial statements are presented in GBP, which is the LLP's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Provisions

Provisions are recognised when the LLP has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provisions are reversed. When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation.

Members' capital transactions

Policies for members' contributions, drawings, withdrawals and allocations are governed by the Limited Liability Partnership Agreement effective as of 29 July 2004.

Amounts becoming due to members in respect of members' profit allocation are debited directly to reserves in the year in which the allocation occurs. Drawings are recognised as a loan due from members until allocation occurs.

Members' equity capital represents amounts introduced by the members to be used in business operations. All amounts credited to each members' capital account shall be immediately and fully available to the LLP for unrestricted use to cover risks and losses as and when they may occur. Further capital contributions and withdrawals are permitted as outlined by the Limited Liability Partnership Agreement.

3. Significant accounting judgements, estimates and assumptions

In the process of applying its accounting policies, the LLP is required to make certain estimates, judgments and assumptions that it believes are reasonable based on the information available. These judgments, estimates and assumptions affect the amounts of assets and liabilities at the date of the financial statements and the amounts of revenues and expenses recognised during the reporting periods presented.

On an ongoing basis, the LLP evaluates its estimates using historical experience, consultation with experts and/or other methods considered reasonable in the particular circumstances. Actual results may differ significantly from the estimates, the effect of which is recognised in the period in which the facts that give rise to the revision become known. The following paragraph details the estimates and judgments the LLP believes to have the most significant impact on the annual results under FRS 102.

BALYASNY EUROPE ASSET MANAGEMENT LLP

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. Significant accounting judgements, estimates and assumptions (continued)

Deferred compensation

For awards prior to 2019, the LLP operates a deferred compensation plan in which the deferred amount vests in the third year following the grant of the deferred bonus to the relevant staff, during which time employees are generally required to remain employed by the LLP in order to receive the full amount of the award. The members consider that there is a high probability that the employees will remain employed by the LLP throughout the vesting period and the LLP will payout the full amount of the deferred bonuses at the end of the vesting period and thus accrues the full liability over the three-year vesting period. As the circumstances resulting in forfeitures and clawbacks are dependent on future individual and firm performance and individual opportunities elsewhere they cannot be reliably estimated and are reversed from the liability and profit or loss when the employee terminates or has crystallised losses. Refer to Note 16(b) for details.

Tangible fixed assets

The estimated useful economic lives of tangible fixed assets are based on management's judgment and experience. When management identifies that actual useful economic lives differ materially from the estimates used to calculate depreciation, that charge is adjusted prospectively. Due to the significance of tangible fixed asset investment to the company, variations between actual and estimated useful economic lives could impact operating results both positively and negatively, although historically few changes to estimated useful economic lives have been required. The LLP is required to evaluate the carrying values of tangible fixed assets for impairment whenever circumstances indicate, in management's judgment, that the carrying value of such assets may not be recoverable.

4. Turnover

Turnover is based on the residual profit-split model for the supply of advisory, marketing and ancillary support services to BAM which manages investment funds (Note 17). An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Investment advisory and management services	<u>142,843,749</u>	<u>173,874,875</u>

All turnover arose within the United Kingdom.

5. Operating profit

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

	2021 £	2020 £
Depreciation of tangible fixed assets	248,085	225,573
Foreign exchange differences	(1,007,712)	(2,002,888)
Operating lease rentals	<u>2,323,633</u>	<u>2,402,838</u>

6. Auditors' remuneration

	2021 £	2020 £
Fees payable to the LLP's auditor and its associates for the annual audits of the LLP and its members	49,289	50,631
Fees payable to the LLP's auditor and its associates for all other services	<u>5,612</u>	<u>16,382</u>

BALYASNY EUROPE ASSET MANAGEMENT LLP**NOTES TO THE FINANCIAL STATEMENTS**
For the year ended 31 December 2021**7. Staff costs**

Staff costs were as follows:

	2021 £	2020 £
Wages and bonuses	104,117,123	121,619,734
Social security costs	14,481,641	16,627,286
Cost of defined contribution scheme	993,078	656,617
	<u>119,591,842</u>	<u>138,903,637</u>

The pension cost charged for the year represents contributions by the entity to the independently administered fund and amounts to £993,078 (2020: £656,617). Contributions totaling £181,497 (2020: £102,678) were payable to the fund at the balance sheet date and are included within creditors.

The average monthly number of persons employed during the year was as follows:

2021 No.	2020 No.
<u>158</u>	<u>94</u>

8. Information in relation to members

The average number of members during the year was

2021 No.	2020 No.
<u>2</u>	<u>2</u>

The profit attributable to the member with the largest entitlement was

2021 £	2020 £
<u>4,427,397</u>	<u>23,543,821</u>

9. Interest receivable

Interest income on loan to related party
Interest income on bank deposits

2021 £	2020 £
37,743	-
<u>180</u>	<u>3,661</u>
<u>37,923</u>	<u>3,661</u>

BALYASNY EUROPE ASSET MANAGEMENT LLP

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2021

10. Tangible fixed assets

	Leasehold property £	Office equipment £	Total £
Cost			
At 1 January 2021	1,581,486	717,969	2,299,455
Disposals	-	(89,725)	(89,725)
Additions	-	232,584	232,584
At 31 December 2021	1,581,486	860,828	2,442,315
Depreciation			
At 1 January 2021	1,010,088	582,113	1,592,201
Disposals	-	(89,725)	(89,725)
Depreciation charge for the year	129,717	118,368	248,085
At 31 December 2021	1,139,805	610,758	1,750,562
Net book value			
At 31 December 2021	441,683	250,070	691,753
At 31 December 2020	571,398	135,854	707,254

11. Debtors

	2021 £	2020 £
Due after more than one year		
Security deposits	1,029,997	965,997
Prepayments	369,578	55,077
Loan from related party (Note 17)	2,434,094	-
	<u>3,833,669</u>	<u>1,021,074</u>
Due within one year		
Amounts owed by group undertakings (Note 17)	117,552,053	150,926,810
Other debtors	662,882	667,935
Prepayments	3,297,152	1,806,484
	<u>121,512,087</u>	<u>153,401,229</u>

12. Cash and cash equivalents

	2021 £	2020 £
Cash deposits at bank	<u>5,621,205</u>	<u>6,009,357</u>

BALYASNY EUROPE ASSET MANAGEMENT LLP

NOTES TO THE FINANCIAL STATEMENTS **For the year ended 31 December 2021**

13. Creditors

		2021 £	2020 £
Due within one year			
Trade creditors		160,433	974,476
Other creditors		235,325	96,651
Accruals		86,287,058	115,719,099
Accruals for deferred compensation	16(b)	4,028,767	4,040,848
		<u>90,711,583</u>	<u>120,831,074</u>
Due after more than one year			
Accruals		900,276	183,739
Accruals for deferred compensation	16(b)	-	1,534,623
Accruals for loan to related party	17	2,434,094	-
		<u>3,334,370</u>	<u>1,718,362</u>

14. Financial instruments

		2021 £	2020 £
Financial assets			
Cash deposits at bank		5,621,205	6,009,357
Financial assets that are debt instruments measured at amortised cost		121,679,026	152,615,819
		<u>127,300,231</u>	<u>158,625,176</u>
Financial liabilities			
Financial liabilities measured at amortised cost		<u>90,017,185</u>	<u>122,549,436</u>

Financial assets measured at amortised cost comprise amounts due from group undertakings and other debtors. Financial liabilities measured at amortised cost comprise trade and other creditors and accruals.

15. Loans and other debts due to members

	2021 £	2020 £
Amounts due from members	(1,533,952)	-
Loans and other debts due from members	20,222	(3,196,456)
	<u>(1,513,730)</u>	<u>(3,196,456)</u>

Loans and other debts due to members rank equally with debts due to ordinary creditors in the event of a winding up.

BALYASNY EUROPE ASSET MANAGEMENT LLP

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2021

16. Commitments

a) Operating lease

The LLP leases office property premise under an operating lease arrangement. The future minimum lease payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	2021 £	2020 £
No later than one year	2,055,553	1,621,553
Between one and five years	1,851,105	2,776,658
	<u>3,856,658</u>	<u>4,398,210</u>

b) Deferred compensation

The deferral amounts, including subsequent performance amounts, are paid on a rolling annual basis three years after the original deferral date for amounts awarded prior to 2019. For amounts awarded in 2019, the deferred amounts vest and are payable one-third on each anniversary after the award date. At December 31, 2021, the amount payable for deferrals and subsequent performance is £4,028,767 (2020: £5,575,471), of which £4,028,767 is included in creditors: amounts falling due within one year (2020: £4,040,848) and £0 is included in creditors: amounts falling due after more than one year (2020: £1,534,623) in the statement of financial position. For the year ended December 31, 2021, the total amount forfeited was £357,123 and the total clawed back was £106,133.

The undiscounted cash flows of the deferred compensation amounts which have been committed but not yet recognised are presented as follows:

	For employment year ended	2021 £	For employment year ended	2020 £
No later than one year	2022	1,584,130	2021	2,947,933
Between one and five years	2023	-	2022	2,495,687
		<u>1,584,130</u>		<u>5,443,630</u>

17. Related party transactions

During the year ended 31 December 2021 the LLP charged investment advisory and management fees totaling £142,843,749 (2020: £173,874,875) to BAM. As at 31 December 2021 a balance of £117,552,053 (2020: £150,926,810) remained outstanding and is included in debtors.

In 2021, BIAM drew its 2021 after tax profit plus taxes paid on its behalf by the LLP during 2021, the sum of which was £9,159,424 (2020: £20,808,894) and reinvested the 2021 after tax profits of £3,759,424 (2020: £18,903,894) back into the LLP as share capital.

In 2021, BIAM II drew its 2021 after tax profit plus taxes paid on its behalf by the LLP during 2021, the sum of which was £171,192 (2020: £388,878) and reinvested the 2021 after tax profits of £76,723 (2020: £385,794) back into the LLP as share capital.

Certain employees became partners of BAM Equity Partners LP ("BAM EP") effective June 1, 2021. BAM EP was formed as a Delaware limited partnership on March 29, 2021 and holds a minority interest in BAM Holdings. The LLP provided loans to certain of the new partners in BAM EP to facilitate their buy-in. The LLP also entered into an intercompany loan with BAM for an equal amount. The outstanding loans have a repayment date of June 2024.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

17. Related party transactions (continued)

Key management personnel are considered to be the members of the LLP and their remuneration has been disclosed in the members' remuneration note (Note 8) and the Reconciliation of members' interests.

18. Controlling party

The LLP is a subsidiary undertaking of Balyasny International Asset Management Limited, a incorporated in England and Wales and which prepares consolidated financial statements incorporating the financial statements of the LLP. Copies of the financial statements are available from its registered office: 23 King Street, 4th Floor, London, SW1Y 6QY.

BAM was the ultimately parent company to the Company until 1 July 2020, when the general and limited partners of BAM transferred their interests in BAM to Balyasny Asset Management Holdings, LP ("BAM Holdings") which became the Company's ultimate parent company. BAM Holdings is a limited partnership formed in the United States of America.

The largest group of undertakings for which group accounts have been drawn up which include the LLP is headed by BAM Holdings. The smallest group of undertakings for which group accounts have been drawn up which include the LLP is headed by Balyasny International Asset Management Limited.

The ultimate controlling party is Dmitry Balyasny.

19. Subsequent events

In preparing these financial statements, the members evaluated events and transactions for potential recognition or disclosure through 22 April 2022, the date the financial statements were available to be issued, and has determined that the following information should be disclosed.

On March 2, 2022, the LLP terminated its short-term operating lease. Further, the LLP signed two new long-term operating leases, and an extension on the existing long-term operating lease. The effect is an increase in commitments under operating leases not later than one year of £825,818, between one and five years of £9,956,531 and over five years of £18,284,535.

Recent events relating to the armed conflict in Ukraine and the global economic sanctions that have resulted may adversely impact global economic and market activity, and contribute to significant volatility in financial markets. The impact of the conflict has been rapidly evolving, and the ultimate economic fallout and the long-term impact on economies, markets, industries and individual companies are not known. The LLP is monitoring developments relating to the conflict, however, the extent of the impact on financial performance will depend on future developments, which are highly uncertain and cannot be predicted.