

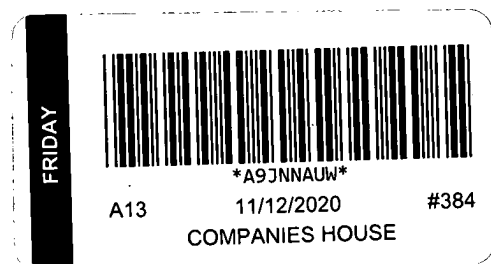


Greenhill & Co. International LLP

Members' Report and Financial Statements

31 December 2019

Registered No: OC332045



Members

Greenhill & Co. Europe Holdings Limited

Greenhill & Co. Cayman Limited

D Barrett-Lennard	(resigned 30 June 2019)
C Bosco	(resigned 30 June 2019)
P Bouten	(resigned 30 June 2019)
N Buffery	(resigned 30 June 2019)
J Dann	(joined 24 January 2019 and resigned 30 June 2019)
C Gournay	(resigned 30 June 2019)
R Hill	(resigned 30 June 2019)
J Lupton	(resigned 30 June 2019)
S Moorhead	(resigned 30 June 2019)
H Tidbury	(resigned 30 June 2019)
E Welsh	(resigned 30 June 2019)
D Wyles	(resigned 30 June 2019)

All members at year-end were corporate members and are designated members.

Auditors

Ernst & Young LLP
25 Churchill Place
London E14 5EY

Bankers

Coutts & Co
440 Strand
London WC2R 0QS

Registered Office

Lansdowne House
57 Berkeley Square
London W1J 6ER

Strategic Report

The members present their strategic report for the year ended 31 December 2019.

Principal activities and review of the business

Greenhill & Co. International LLP (the “partnership”), an authorised Corporate Finance Advisory Firm regulated by the Financial Conduct Authority (FCA), is engaged in the investment banking business providing financial advisory services to corporations, institutions, individuals and others in connection with mergers, acquisitions, divestitures, tender and exchange offers, leveraged buy-outs, restructuring, recapitalisations, other extraordinary corporate transactions, and global capital advisory services.

At the close of business on 30 November 2019, the partnership and Greenhill Cogent Europe LLP (“Cogent Europe”) entered into a business sale agreement where the partnership agreed to purchase the assets, excluding cash and cash equivalents, and assume the liabilities of Cogent Europe. Under the agreement, Cogent Europe’s investment banking business of providing financial advisory services transferred to the partnership. Following this transaction, the partnership is also a provider of investment consulting and advisory services to institutional and other related investors.

The financial statements for Greenhill & Co. International LLP as of and for the year ended 31 December 2019 are presented herein.

Key performance indicators

Given the straightforward nature of the business, the key performance indicators used by the members to determine progress and performance are (i) advisory fees which are captured within Turnover on the income statement and (ii) Post-Tax Profit Margin.

The key financial and other performance indicators during the year were as follows:

	2019	2018	Change
	£000	£000	%
Turnover	27,901	69,921	(60)%
Post-Tax Profit Margin	(6)%	70%	

Advisory fees are driven by the number of successful transaction completions. Management meets at least monthly and sometimes more often to discuss various ongoing transactions along with the overall business environment and possible opportunities to generate additional advisory assignments.

Turnover figures can vary year over year due in large part to the successful completion of a client’s transaction, the timing of which is outside of the partnership’s control. Unlike other more diversified investment banking entities, which generate revenues from commercial lending, securities trading and underwriting, or have asset management businesses, the number and scale of successfully completed client transactions or the market for advisory services generally would have a material effect on the turnover figures of the partnership year over year.

Profit margins can also vary year over year and can be managed to a certain degree through effective monitoring of compensation and non-compensation expenses. The partnership’s largest expense relates to compensation mainly in the form of cash compensation, related employment taxes and the amortization of long-term incentive compensation awards of restricted stock units. Awards of restricted stock units are discretionary and are amortised into compensation expense during the service period over which the award vests, which is generally three to five years for the majority of the awards. The partnership also records dividend equivalent payments on outstanding restricted stock units as compensation. Compensation expense as a percentage of turnover was 54% in 2019 (2018: 13%). Non-compensation expenses as a percentage of turnover was 54% in 2019 (2018: 17%).

Strategic Report (continued)

Principal risks and uncertainties

The principal business risks facing the partnership arise from economic climate, the non-recurring nature of the various advisory engagements, the impact to the reputation of the partnership if it does not provide sound advice and an extensive regulatory environment.

The partnership derives revenues from advisory fees. Adverse market or economic conditions would likely affect the number, size and timing of transactions on which it provides advice and therefore can adversely affect the partnership's advisory fees which would adversely affect turnover.

The partnership also relies on generating revenue via non-recurring engagements. Non-recurring engagements can cause revenue to vary from period to period. As a result, high activity levels in any period are not necessarily indicative of continued high levels of activity in the next succeeding period or any other period. In addition, the partnership derives most of our engagement revenues at key transaction milestones, such as announcement or closing, and the timing of these milestones is outside our control. In cases where an engagement is terminated prior to the successful completion of a transaction or project, whether due to market reasons or otherwise, the partnership may earn limited or no fees and may not be able to recoup the costs incurred prior to the termination.

As an investment banking firm, the partnership depends to a large extent on relationships with clients and its reputation for integrity and high-calibre professional services to attract and retain clients. As a result, if a client is not satisfied with the services provided, it may cause reputational harm, which could impact the volume of future business.

The financial services industry is subject to extensive regulation. Regulatory agencies are empowered to conduct periodic examinations and administrative proceedings that can result in censure, fine, issuance of "cease and desist" orders or suspension of personnel or other sanctions, including revocation of our license or registration of our regulated subsidiaries. In addition, as a result of the financial crisis in 2008, significant new regulations have been imposed on the financial services industry and scrutiny by regulators of financial services firms has increased significantly. Even if a sanction imposed against the partnership or our personnel is small in monetary amount, the adverse publicity arising from the imposition of sanctions by regulators could harm the partnership's reputation and cause the loss of existing clients or failure to gain new clients.

We are subject to a range of political, economic, legal, operational, regulatory and other risks that are inherent in operating our business, including risks of possible nationalization, expropriation, price controls, capital controls, exchange controls, inflation controls, excessive taxation, licensing requirements and other restrictive governmental actions, as well as the outbreak of hostilities and pandemic diseases.

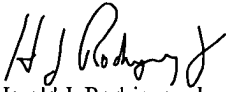
In light of the recent global COVID-19 outbreak, a majority of our employees are currently operating successfully from remote locations, on the advice of local governments. Well-functioning IT and communications resources available to the partnership have ensured that all staff can continue to work effectively and keep in regular contact with colleagues and clients, and as a result the operating disruption has been kept to a minimum. However, there is no guarantee that the outbreak will not have a cause a significant downturn in levels of revenue or profitability. As part of its going concern review, the partnership has assessed the potential impact on profitability and regulatory capital surplus. We expect to generate positive cash flows over the next twelve months. Management has no reason at this time to believe that this will affect the going concern status of the partnership.

On January 31, 2020, the U.K. withdrew from the European Union, commonly referred to as "Brexit". The European Union and the U.K. have ratified a withdrawal agreement, which provides for a transition period for the European Union and the U.K. to negotiate and agree to a framework for their future relationship. The transition period is currently scheduled to end on December 31, 2020 and the relationship between the European Union and the U.K. beyond that date is uncertain. A failure to reach an agreement at the end of the transition period could adversely affect European and worldwide economic and market conditions, contribute to instability in global financial and foreign exchange markets, and introduce significant legal uncertainty and potentially divergent national laws and regulations. Further, even if an agreement is reached at the end of the transition period, there is uncertainty regarding the nature of the long-term relationship between the European Union and the U.K.

Conditions arising from Brexit could adversely affect our U.K. business and operations, including by reducing the volume or size of mergers, acquisitions, divestitures and other strategic corporate transactions on which we seek to advise, and further, will likely increase our legal, compliance and operational costs. We incorporated a new German entity in 2019 in order to continue to provide investment banking services throughout the European Union and submitted an application to BaFin requesting such permission. We have received approval of our application from BaFin and subject to other requisite approvals we will be able to provide investment banking services from our offices in Frankfurt, Madrid and our new operations in Paris prior to the expiration of the UK's transition period.

Refer to note 13 "Risk management objectives and policies" for information regarding the partnership's capital management, economic, operational, credit, liquidity, currency, interest rate and political risks.

On behalf of the board



Harold J. Rodriguez, Jr.

27 April 2020

Members' report

The members present their annual report and financial statements for the year ended 31 December 2019.

Results

The partnership reported a loss of £1,782 thousand and profit of £49,147 thousand for the years ended 31 December 2019 and 2018, respectively. The results are shown in the Income Statement on page 11. The LLP's Statement of Financial Position detailed on page 13 shows a satisfactory position. Members' total interests amounted to £23,693 thousand.

Future developments

The members aim to maintain the management policies which have resulted in the partnership growth in recent years. Advisory services on mergers & acquisitions, financings and restructuring engagements are the dominant sources of revenue and are expected to remain so for the foreseeable future.

Members and their interests

The corporate members at 31 December 2019 were those listed on page 1. The individual members resigned on 30 June 2019 and became employees as a result of governance changes proposed by the Senior Managers Regime. Due to the non-capital nature of the business, members were not required to make capital commitments, and none of the individual members had any beneficial interest in the partnership capital.

Members profit allocation

Any profits are shared among the members as governed by the Partnership Agreement dated 20 July 2016. No further allocations were made to the individual members after their resignation on 30 June 2019. Each member's allocation of profits will vary based on individual performance and the performance of the partnership as a whole.

Policy with respect to members' drawings and subscriptions and repayment of members' capital

The members receive drawings on a periodic basis and may receive an annual discretionary bonus payment in February when the partnership has sufficient funds. In 2019, the members drew £16,713 thousand (2018 - £44,224 thousand). Policies for members' drawings, repayment of drawings, subscriptions and repayment of members' capital are governed by the Partnership Agreement dated 20 July 2016.

Charitable contributions

During the year, the partnership made charitable contributions of £3 thousand (2018 - £8 thousand).

Going concern

After reviewing forecasts and making enquiries, the members have a reasonable expectation that the partnership has adequate resources to continue in operational existence for the foreseeable future. The members specifically considered the potential impact of a significant downturn in levels of revenue on profitability and regulatory capital surplus that could result from the recent global COVID-19 outbreak in their analysis. We expect to generate positive cash flows over the next twelve months. A letter of financial support has been provided from the partnership's ultimate parent, Greenhill & Co. Inc., in order to ensure that the partnership is able to meet all its obligations as and when they fall due. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

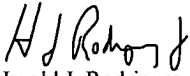
Disclosure of information to the auditors

So far as each member, who was a member at the date of approving this report is aware, there is no relevant audit information, being needed by the auditor in connection with preparing its report, which the auditor is unaware. Having made enquiries of fellow members and the partnership auditors, each member has taken all steps that he/she is obliged to take as a member in order to make himself aware of any relevant audit information to establish that the auditor is aware of that information.

Auditors

Ernst & Young LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006 as modified by the Limited Liability Partnerships Regulations 2008.

On behalf of the members



Harold J. Rodriguez, Jr.
27 April 2020

Statement of members' responsibilities in respect of the financial statements

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

The Companies Act 2006 as modified by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 made under the Limited Liability Partnerships Act 2000 require the members to prepare financial statements for each financial year. Under that regulation, the 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 to the UK and Republic of Ireland' and applicable law). Under the regulation, the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the partnership and of the profit or loss of the partnership for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 partnership will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREENHILL & CO. INTERNATIONAL LLP

Opinion

We have audited the financial statements of Greenhill & Co. International LLP for the year ended 31 December 2019 which comprise Income Statement, Statement of Changes in Equity, and Statement of Financial Position and the related notes 1 to 15, 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 2019 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.

Emphasis of Matter

We draw attention to Note 1 and Note 15 of the financial statements, which describes the economic and social consequences the partnership is facing as a result of COVID-19 which is impacting financial market activity as well as personnel availability for work and being able to access offices. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

- the members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the limited liability partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 6, other than the financial statements and our auditor's report thereon. The members are responsible for the other information.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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 7, 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.

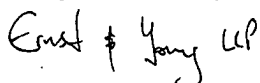
Auditor's responsibilities for the audit of the financial statements

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.

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.

A handwritten signature in black ink, appearing to read 'Ernst & Young LLP', is written over the printed name and firm name.

Andrew Stevenson (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
27 April 2020

Income Statement

For the year ended 31 December 2019

	Notes	2019 £000	2018 £000
Turnover	2	27,901	69,921
Administration expenses		<u>(29,996)</u>	<u>(21,255)</u>
Operating profit (losses)	3	(2,095)	48,666
Interest receivable		<u>313</u>	<u>481</u>
Profit (loss) on ordinary activities		(1,782)	49,147
Retained profit (loss) for the financial year available for discretionary division among the members		<u><u>(1,782)</u></u>	<u><u>49,147</u></u>

All amounts relate to continuing operations.

There are no components of other comprehensive income recognised as a part of total comprehensive income outside the income statement.

The accompanying notes on pages 14 - 23 form part of these financial statements.

Statement of Changes in Equity at 31 December 2019

	<i>Members' capital</i> £000	<i>Other reserves</i> £000	<i>Total members' capital interests</i> £000	<i>Loans and other debts to members</i> £000	<i>Total members' interests'</i> £000
At 31 December 2017	£500	£1,370	£1,870	£24,757	£26,627
Profit for the financial year available for division among members	—	49,147	49,147	—	49,147
After profit for the year	500	50,517	51,017	24,757	75,774
Allocated profit	—	(49,147)	(49,147)	49,147	—
Current period drawing of profits by individual members	—	—	—	(6,050)	(6,050)
Distribution to corporate member	—	—	—	(38,174)	(38,174)
Share based contributions	—	(27)	(27)	—	(27)
At 31 December 2018	500	1,343	1,843	29,680	31,523
Loss for the financial year available for division among the members	—	(1,782)	(1,782)	—	(1,782)
After profit for the year	500	(439)	61	29,680	29,741
Allocated loss	—	1,782	1,782	(1,782)	—
Capital contribution from parent	9,665	—	9,665	—	9,665
Current period drawing of profits by individual members	—	—	—	(9,203)	(9,203)
Distribution to corporate member	—	—	—	(7,510)	(7,510)
Share based contributions	—	1,000	1,000	—	1,000
At 31 December 2019	10,165	2,343	12,508	11,185	23,693

Loans due to members represent the aggregate amount of money owed to members in respect of profits, and rank below other unsecured creditors in the event of a winding up.

Share based contributions represent the fair market value of the equity-settled component of the share based payments, utilizing an observable market price of the partnership's ultimate parent, Greenhill & Co. Inc.

Statement of Financial Position at 31 December 2019

	Notes	2019 £000	2018 £000
Fixed assets			
Tangible assets	5	538	793
Current assets			
Debtors	6	20,833	16,504
Cash at bank and in hand		13,983	20,157
		<u>34,816</u>	<u>36,661</u>
Creditors: amounts falling due within one year	7	<u>(10,299)</u>	<u>(5,809)</u>
Net current assets		<u>24,517</u>	<u>30,852</u>
Total assets less current liabilities		25,055	31,645
Creditors: amounts falling due after more than one year	7	(1,362)	(122)
Net assets attributable to members		<u>23,693</u>	<u>31,523</u>
Represented by:			
Loans and other debts due to members			
Other amounts		11,184	29,679
Equity			
Members' interests' - members' capital		10,165	500
Members' interests' - other reserves		2,344	1,344
Total members' capital		<u>12,509</u>	<u>1,844</u>
Total members' interests'		<u>23,693</u>	<u>31,523</u>

The accompanying notes on pages 14 - 23 form part of these financial statements.

The financial statements were approved by order of the members on 24 April 2020 and were signed on its behalf by:



Harold J. Rodriguez, Jr.

27 April 2020

Notes to the financial statements at 31 December 2019

1. Accounting policies

Statement of compliance

Greenhill & Co., International LLP (the “partnership”) is a limited liability partnership incorporated in December 2007. The registered office of the LLP is Lansdowne House, 57 Berkeley Square, London W1J 6ER.

The partnership’s financial statements have been prepared in accordance with FRS 102 as it applies to these financial statements for the year ended 31 December 2019 and in accordance with the requirements of the Companies Act 2006 as modified by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Basis of preparation

The financial statements of the partnership were approved for issue by the members on 24 April 2020.

The financial statements are prepared in accordance with applicable UK accounting standards and the Statement of Recommended Practice ‘Accounting by Limited Liability Partnerships’ dated 26 January 2017.

The financial statements are presented in thousands (£000).

The financial statements are prepared on a going concern basis under the historical cost convention. The members have made an assessment of the partnership’s ability to continue as a going concern. The members specifically considered the potential impact of a significant downturn in levels of revenue on profitability and regulatory capital surplus that could result from the recent global COVID-19 outbreak in their analysis. We expect to generate positive cash flows over the next twelve months. Based on the partnership’s financial and liquidity position, there is a reasonable expectation that the partnership has adequate resources to continue in operational existence for the foreseeable future. A letter of financial support from the partnership’s ultimate parent, Greenhill & Co. Inc. (“Greenhill”) has also been received in order to ensure that the partnership is able to meet all of its obligations as and when they fall due. Furthermore, the Board has concluded that COVID-19 is a non-adjusting post balance sheet event as discussed in Note 15.

Exemptions Applied

Greenhill & Co., International LLP is a qualifying entity as per FRS 102 as it is a member of a group where the parent of that group (Greenhill & Co., Inc.) prepares publicly available consolidated financial statements which can be obtained from the United States Securities and Exchange Commission’s EDGAR electronic database, via the ticker symbol GHL (<https://www.sec.gov/edgar/searchedgar/webusers.htm>).

As a qualifying entity, the partnership has taken advantage of the exemption in section 1.11-1.12 of FRS 102 from the requirement to prepare a statement of cash flows and from the requirement of section 33 Related Party Disclosures paragraph 33.7 to disclose key management personnel compensation.

Share based payments

In accordance with the requirements of FRS 102, share based payments are recorded as a charge to compensation expense. Such payments, as described further in Note 9, comprise both an equity-settled component and a cash-settled component, the latter arising because the employee has the option to utilize part of the award to settle the associated withholding tax liability rather than receive the full award in the form of shares. For the equity-settled component, compensation expense is determined at the date of the grant with a corresponding equity contribution from Greenhill & Co., Inc. (“Greenhill”), the partnership’s ultimate holding company. For the cash-settled component, compensation expense is re-measured at each reporting date with reference to current market values, with a corresponding liability. The fair value of the share based payments with future service requirements are generally amortised over a three to five year service period following the date of grant applying straight-line amortisation separately to each individual tranche. The partnership records dividend equivalent payments, net of clawbacks, on outstanding restricted stock units (“RSUs”) as compensation expense.

The partnership accounts for reimbursements it makes to Greenhill on the transfer of shares awarded under the share-based payment plan as a return of the equity contribution on the vesting date. Any difference between the total amount which has been credited to equity over the vesting period and the amount which is reimbursed to Greenhill is also recognised directly in equity.

Revenue recognition

It is the partnership's accounting policy to recognise revenue when (i) there is persuasive evidence of an arrangement with a client, (ii) the agreed-upon services have been completed and delivered to the client or the transaction or events noted in the engagement letter are determined to be substantially complete, (iii) fees are fixed and determinable, and (iv) collection is reasonably assured.

The partnership recognises advisory fee revenues for mergers and acquisitions or financing advisory and restructuring engagements when the services related to the underlying transactions are completed in accordance with the terms of the engagement letter and all other requirements for revenue recognition are satisfied.

The partnership recognizes revenues for capital advisory fees when the sale or transfer of the capital interest occurs and the fees are earned from the client in accordance with terms of the engagement letter.

While the majority of the partnership's fee revenue is earned at the conclusion of a transaction or sale or transfer of a capital interest, announcement fees and on-going retainer fees, substantially all of which relate to non-success based strategic advisory and financing advisory and restructuring assignments, are also earned and recognised as advisory fee revenue over the period in which the related service is rendered, all on an accrual basis, net of VAT and rebates.

The partnership's clients reimburse certain expenses incurred by the partnership in the conduct of advisory engagements. Expenses are reported net of such client reimbursements, which are recognized upon invoicing.

Revenue Sharing

To the extent the partnership assists an affiliate or an affiliate assists the partnership with the sourcing and the execution of a revenue generating advisory assignment, a portion of the revenues is allocated to the partnership or the affiliate, as the case may be, in accordance with a revenue sharing analysis. Under the analysis, sourcing and execution contributions by an entity to an engagement are equally weighted and further allocated if either the sourcing or execution is shared by affiliates. Revenues subject to revenue sharing are recorded at the net amount allocated to/from the partnership as advisory revenue on the income statement.

Foreign currency transactions

The functional and presentation currency of the partnership is the British Pound (GBP). Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-measured at the rate of exchange ruling at the balance sheet date. All differences arising from transactions denominated in foreign currencies are included in the income statement.

Operating leases

Costs in respect of operating leases are charged against profits for the year on a straight-line basis over the term of the lease.

Provisions

Specific provisions represent the quantification of actual and expected losses from identified accounts. The amounts of the specific provision are the partnership's estimate of amounts needed to reduce the carrying value of the asset to the expected net realisable value, taking into account the financial status of the customer. The carrying value of trade debtors is net of bad debt provisions as at 31 December 2019 and 31 December 2018.

Trade receivables

Trade receivables are measured at fair value on initial recognition. Appropriate allowances for estimated irrecoverable amounts are recognized in the income statement when there is objective evidence that the asset is impaired.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost.

Taxation

Taxes payable on the partnership's profits earned or tax benefits on partnership losses during the period are the liability or benefit of the members. Therefore, no current or deferred tax or benefit is provided in the financial statements.

Tangible Fixed Assets

The partnership measures all items of property, plant and equipment using the cost model. Fixed assets are initially recorded at cost and subsequently measured at cost less accumulated depreciation. Depreciation is provided on all tangible fixed assets, other than artwork, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

Computer equipment	-	4 years
Furniture and fittings	-	4 years
Leasehold improvements	-	lesser of 10 years or the remaining lease term

Expense allocations

Certain expenses are allocated among the partnership and its affiliates on an agreed upon basis in accordance with an expense sharing arrangement. These expenses include corporate overhead for finance and legal support and charges for communications and information services. Expenses incurred have been recognised on an accrual basis.

Expenses allocated to the partnership are recorded in their respective expense categories with corporate overhead expenses included in administration expenses on the income statement. For the year ended 31 December 2019, expenses allocated to the partnership amounted to £469 thousand (2018 - £290 thousand).

Intercompany advisory fee

The partnership has a service agreement in place with Greenhill & Co. Sweden AB ("Greenhill Sweden"), a company governed by the Swedish Financial Supervisory Authority, to offer corporate finance advice to corporations, institutions, individuals and others in connection with mergers, acquisitions, divestitures, tender and exchange offers, leveraged buy-outs, restructuring, recapitalisations, and other extraordinary corporate transactions in Sweden and other Nordic locations. The partnership also has a similar service agreement in place with Greenhill & Co. Spain Limited ("Greenhill Spain"), an authorised Corporate Advisory Firm regulated by the FCA, for services in Spain and the Western Europe Region. As compensation for these services, the partnership pays service fees to Greenhill Sweden and Greenhill Spain for the total cost of services plus 15%. Expenses incurred by the partnership pursuant to these arrangements amounted to £5,026 thousand (2018: £4,539 thousand).

Pensions

Certain employees of the partnership participate in a defined contribution scheme. Contributions to the scheme are charged to the income statement as they become payable in accordance with the rules of the scheme. The assets of the scheme are held separately in an independent administered fund.

Members' participation rights

Members' participation rights are the rights of a member against the partnership that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed, remuneration and profits). This applies to the corporate members at year-end.

Members' participation rights in the earnings or assets of the partnership are analysed between those that are, from the partnership's perspective, either a financial liability or equity, in accordance with FRS 102, Section 22. A members' participation right results in a liability unless the right to any payment is discretionary on the part of the partnership.

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

Profits are divided only after a decision by the members of the partnership and the partnership has an unconditional right to demand repayment of amounts previously drawn by members during the year where it anticipates that there will be insufficient profits to cover such drawings. Drawings are recognised as a loan due from members until allocation occurs. Hence profits are initially classified as an appropriation of equity rather

than as an expense, and shown as a residual amount available for discretionary division among members in the income statement. Within the balance sheet, such amounts are initially classified as equity appropriations and presented within "Members' interests - other reserves". Following the allocation of profits, the amount allocated is transferred from Equity into Loans and other debts due to members.

Aside from profit allocations, there are no other amounts applied to members.

2. Turnover

Turnover represents fees for the provision of corporate finance advisory services conducted by the partnership in the United Kingdom. Corporate financial advisory services include engagements relating to mergers and acquisitions, financing advisory and restructuring, and capital advisory services. Turnover is stated net of value added tax.

3. Operating profit

This is stated after charging:

	2019	2018
	£000	£000
Auditor's remuneration — audit of the financial statements	20	19
— audit related assurance services	8	8
Professional fees	1,445	1,052
Intercompany advisory fee	5,026	4,539
Depreciation of owned fixed assets	312	237
Foreign exchange losses (gains)	902	(636)
Operating lease rentals		
— office equipment	33	38
— land and buildings	1,259	1,343

4. Staff costs

	2019	2018
	£000	£000
Wages and salaries	9,156	7,557
Social security costs	1,107	1,040
Other pension costs	401	247
Share based payments	4,098	310
Dividends on share based payments, net of clawbacks	78	1
	<u>14,840</u>	<u>9,155</u>

The equity-settled component of the above share based payments expense amounted to £2,403 thousand (2018 — £104 thousand).

The average monthly number of employees during 2019 was 58 (2018 — 61).

	2019	2018
Investment banking	52	35
Administration	15	14
	<u>67</u>	<u>49</u>

5. Tangible fixed assets

	<i>Leasehold improvements</i>	<i>Artwork</i>	<i>Computer equipment</i>	<i>Furniture and fixtures</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost or valuation:					
At 31 December 2018	2,265	55	1,750	637	4,707
Additions	—	—	57	—	57
At 31 December 2019	<u>2,265</u>	<u>55</u>	<u>1,807</u>	<u>637</u>	<u>4,764</u>
Depreciation:					
At 31 December 2018	1,848	—	1,436	630	3,914
Provided during the year	171	—	138	3	312
At 31 December 2019	<u>2,019</u>	<u>—</u>	<u>1,574</u>	<u>633</u>	<u>4,226</u>
Net book value:					
At 31 December 2018	<u>417</u>	<u>55</u>	<u>314</u>	<u>7</u>	<u>793</u>
At 31 December 2019	<u>246</u>	<u>55</u>	<u>233</u>	<u>4</u>	<u>538</u>

6. Debtors

	<i>2019</i>	<i>2018</i>
	<i>£000</i>	<i>£000</i>
Amounts due from affiliates	4,441	7,789
Trade debtors	14,362	7,501
Other assets	665	400
Prepayments and accrued income	<u>1,365</u>	<u>814</u>
	<u>20,833</u>	<u>16,504</u>

7. Creditors

	<i>2019</i>	<i>2018</i>
	<i>£000</i>	<i>£000</i>
Other taxes and social security costs	259	110
Other creditors	3,199	2,309
Amount due to affiliates	5,033	3,159
Cash-settled component of share based payments falling due within one year	<u>1,808</u>	<u>231</u>
Amounts falling due within one year	<u>10,299</u>	<u>5,809</u>
Cash-settled component of share based payment falling due in greater than one year	<u>1,362</u>	<u>122</u>
Total creditors	<u>11,661</u>	<u>5,931</u>

8. Members' shares of profits

Distributions of £7,510 thousand (2018 - £38,174 thousand) were made to the corporate member.

In respect of other members:

(i) Members' share of profits

Profits (losses) are shared among the members after the year end, in accordance with the partnership agreements.

	2019	2018
Average number of members (No.)	6	12
Average profit (loss) per member (£000)	(297)	4,096

(ii) The remuneration of the members of Greenhill & Co. International LLP comprised:

	2019	2018
	£000	£000
Aggregate emoluments in respect of qualifying services	2,208	11,496
Aggregate of partnership contributions paid in respect of defined contribution pension schemes	7	14
Aggregate amounts receivable under restricted stock unit schemes (cash-settled component)	1,643	1,129

A portion of members' emoluments was charged as a corporate overhead in both the current and prior year and is included in expense allocated to the partnership.

(iii) Member with largest entitlement

The largest entitlement awarded to an individual member in 2019 and 2018 amounted to £991 thousand and £3,404 thousand respectively, which represented the profit share allocated to the member plus remuneration. These amounts also include amounts received by the member under Greenhill's equity incentive scheme. The remuneration of this member is comprised as follows:

	2019	2018
	£000	£000
Emoluments in respect of qualifying services	565	3,065
Amounts received under restricted stock unit schemes	426	339
Awards made under the equity incentive plan		
Number of members who received shares under the restricted stock unit plan	9	9
Number of members who accrued benefits under defined contribution pension schemes	1	1

9. Restricted stock units

The partnership participates in an equity incentive plan of Greenhill to motivate its employees and allow them to participate in the ownership of its stock. Under the partnership's plan Restricted Stock Units ("RSUs"), which represent a right to a future payment equal to one share of Greenhill's common stock, may be awarded to employees. Awards granted under the plan generally vest ratably generally over a period of three to five years beginning on the first anniversary of the grant date or for certain accruals in full on the fifth anniversary of the grant date. Holders of RSUs are entitled to receive dividends declared on the underlying common stock to the extent the restricted stock units ultimately vest.

The number of units awarded in 2019 was 15,108 (2018 - 15,505) with a weighted average fair value of £19.74 (2018 - £13.17). The fair value is based on the market price of Greenhill's shares at the grant date. The partnership recognised total share based payment expenses, net of forfeitures, of £4,098 thousand during the year ended 31 December 2019 (2018 - £309 thousand). For the year ended 31 December 2019, the partnership recorded as compensation expense the dividend equivalent amounts paid on the outstanding RSUs which amounted to £78 thousand (2018 - £1 thousand), net of clawbacks, on outstanding RSUs.

The partnership has entered into an inter-company recharging agreement with Greenhill whereby on the transfer of shares by Greenhill to employees of the partnership pursuant to the plan, the partnership reimburses Greenhill for an amount based on the fair market value of each RSU award which has vested.

10. Obligations under operating leases

As of December 31, 2019, the aggregate minimum future rental payments, under non-cancellable operating leases are as follows:

	2019	2018
	<i>Land and buildings</i>	<i>Land and buildings</i>
	£000	£000
Operating leases which expire:		
Not more than one year	1,445	1,239
One to five years	1,397	1,859
More than five years	—	—
	<u>2,842</u>	<u>3,098</u>

The lease of the registered office will expire on 30 June 2021.

11. Pension commitments

The partnership operates a defined contribution pension scheme for employees. Contributions to the scheme are paid as they become due in accordance with the rules of the scheme. The partnership incurred expenses of £401 thousand (2018: £247 thousand) during the year ended 31 December 2019 and has no outstanding liability as of 31 December 2019.

12. Related parties

At 31 December 2019, the partnership had receivables of £4,441 thousand (2018 - £7,789 thousand) due from affiliates and payables of £5,033 thousand (2018 - £3,159 thousand) due to affiliates, which relate to (1) intercompany lending to support the financial needs of affiliates, (2) for services rendered by other offices for client engagements during the year and (3) corporate overheads, general operating expense and intercompany advisory fees. The receivables and payables due from affiliates and are included as components of debtors and creditors, respectively, on the statement of financial position.

All transactions with affiliates described above are governed by corporate policies and are based on underlying supporting documentation for the transactions between affiliates. See Note 1 - Accounting policies - Expense allocations and Intercompany advisory fee for further details.

13. Risk management objectives and policies

The partnership is exposed, through its operations, to capital management, economic, operational, credit, liquidity, currency, interest rate and political risks. The policy for managing each of these risks is below:

Capital management risk

The partnership maintains an actively managed capital base to cover risks inherent in the business. The primary objectives of the partnership's capital risk management are to ensure that the partnership complies with externally imposed capital requirements and to ensure that the partnership will be able to continue as a going concern. The capital structure consists of partner's capital and reserve accounts, as per disclosed on the statement of financial position.

The partnership manages its capital structure and makes adjustments to it in light of economic conditions and the risk characteristics of its activities and regulatory requirements. In the event the partnership has additional capital needs, the corporate members will make capital contributions. Greenhill & Co., Inc. confirms that it will provide financial support to assist the partnership in meeting its obligations as and when they fall due to the extent that money is not otherwise available to the partnership to meet such obligations.

Total capital managed by the partnership at 31 December 2019 was £23,693 thousand (2018 - £31,523 thousand) and capital surpluses were well in excess of regulatory requirements.

Economic risk

The principal business risks facing the partnership arise from economic climate, the non-recurring nature of the various advisory engagements, the impact to the reputation of the partnership if it does not provide sound advice and an extensive regulatory environment.

The partnership derives revenues from advisory fees. Adverse market or economic conditions would likely affect the number, size and timing of transactions on which it provides advice and therefore can adversely affect the partnership's advisory fees which would adversely affect turnover.

An unanticipated catastrophic event, such as the recent COVID-19 global outbreak, could adversely affect European and worldwide economic and market conditions, contribute to instability in global financial and foreign exchange markets, and introduce significant legal uncertainty and potentially divergent national laws and regulations.

Operational risk

The partnership defines operational risk as risk of loss resulting from inadequate internal processes, people and systems, or from external events, including risk of damage through loss of reputation or standing. Due to their significant role in leading the partnership, members' actions are especially important regarding operational risk.

The partnership is committed to regulatory compliance and has developed policies and procedures in order to stay abreast of regulatory developments. The partnership preserves its reputation by ensuring compliance with regulations and ethical standards, attracting and retaining talented staff, regular meetings of the members to discuss any current assignment issues or concerns, and providing accurate and timely execution of contractual obligations.

Credit risk

Credit risk is the exposure to the possibility of financial loss resulting from a client's failure to meet its financial obligations. As the partnership is in the business of offering advisory services in connection with corporate transactions, credit risk does not normally arise in the normal course of business. For non-trade related advances, credit checks are undertaken prior to the transactions being entered into.

Receivables are stated net of an allowance for doubtful accounts. The estimate for the allowance for doubtful accounts, if any, is derived by the partnership by utilizing past client transaction history and an assessment of each client's creditworthiness, giving specific consideration to invoices aged greater than 60 days. As at 31 December 2019, invoices aged greater than 60 days but not impaired were £1,662 thousand (2018 - £3 thousand). There were no impaired receivables at either 31 December 2019 or 2018.

Our cash in bank and on hand is principally held in depository accounts and money market funds and other short-term highly liquid investments with original maturities of three months or less. We maintain our depository accounts with financial institutions with high credit ratings. Although these deposits are generally not insured, management believes we are not exposed to significant credit risk due to the financial position of the depository institutions in which those deposits are held. Further, we do not believe our cash equivalent investments are exposed to significant credit risk or interest rate risk due to the short-term nature and high quality of the underlying investments in which the funds are invested.

We regularly review our accounts receivable and allowance for doubtful accounts by considering factors such as historical experience, credit quality, age of the accounts receivable, and the current economic conditions that may affect a customer's ability to pay such amounts owed to the partnership. We maintain an allowance for doubtful accounts that, in our opinion, provides for an adequate reserve to cover losses that may be incurred.

Liquidity risk

The partnership deems liquidity risk as the failure to have sufficient financial resources to meet its day to day capital and cash flow requirements. To mitigate liquidity risk, the partnership has implemented cash management policies to ensure that there are strict guidelines to follow in relation to the products and the duration that surplus funds can be invested.

We maintain our cash in institutions with high credit ratings. In the event of a significant deterioration of the credit markets or the failure of one or more banking institutions, there can be no assurance that we will be able to access our cash. Our inability to access our cash could have a material adverse effect on our liquidity.

Currency risk

Currency risk arises as the partnership has intercompany activity with affiliates of the partnership and cash amounts denominated in currency other than sterling. Management mitigates this risk by constantly monitoring currency exposures and aiming to mitigate currency risk by frequently settling the intercompany balances with its affiliates and minimizing the non-sterling cash balances.

Interest rate risk

The partnership's interest rate risk is derived from interest bearing deposits in which the partnership invests surplus funds. Management monitors interest rate risk by placing funds in overnight deposits, longer period deposits, and on a floating rate basis. Management conducts market analysis of interest rate expectations before placing amounts.

Political risk

On January 31, 2020, the U.K. withdrew from the European Union, commonly referred to as "Brexit". The European Union and the U.K. have ratified a withdrawal agreement, which provides for a transition period for the European Union and the U.K. to negotiate and agree to a framework for their future relationship. The transition period is currently scheduled to end on December 31, 2020 and the relationship between the European Union and the U.K. beyond that date is uncertain. A failure to reach an agreement at the end of the transition period could adversely affect European and worldwide economic and market conditions, contribute to instability in global financial and foreign exchange markets, and introduce significant legal uncertainty and potentially

divergent national laws and regulations. Further, even if an agreement is reached at the end of the transition period, there is uncertainty regarding the nature of the long-term relationship between the European Union and the U.K.

Conditions arising from Brexit could adversely affect our U.K. business and operations, including by reducing the volume or size of mergers, acquisitions, divestitures and other strategic corporate transactions on which we seek to advise, and further, will likely increase our legal, compliance and operational costs. We incorporated a new German entity in 2019 in order to continue to provide investment banking services throughout the European Union and submitted an application to BaFin requesting such permission. We have received approval of our application from BaFin and subject to other requisite approvals we will be able to provide investment banking services from our offices in Frankfurt, Madrid and our new operations in Paris prior to the expiration of the UK's transition period.

14. Ultimate controlling parties

Greenhill & Co. Europe Holdings Limited, a company incorporated in the United Kingdom is the immediate controlling party of the partnership. The partnership's ultimate holding company is Greenhill & Co., Inc., incorporated in the United States of America. Greenhill & Co., Inc. has included the partnership in its group financial statements, copies of which may be obtained from its registered office, 300 Park Avenue, New York, NY 10022, United States of America.

15. Post balance sheet events

Management is considering the potential economic impact to the partnership of the recent global COVID-19 outbreak. A majority of our employees are currently operating successfully from remote locations, on the advice of local governments. Well-functioning IT and communications resources available to the partnership have ensured that all staff can continue to work effectively and keep in regular contact with colleagues and clients, and as a result disruption has been kept to a minimum. However, as part of its going concern review, as discussed further in Note 1, the partnership has assessed the potential impact of a significant downturn in levels of revenue on profitability and regulatory capital surplus. We expect to generate positive cash flows over the next twelve months. Management has no reason at this time to believe that this will affect the going concern status of the partnership. This is a non-adjusting post balance sheet event.

There are no other significant events after the balance sheet date.