

**SFM UK Management LLP**

**Members' report and financial statements**

for the year ended 31 December 2022

Registered number: OC338341

Information

Designated Members	N Pegrum SFM UK Holdings Limited
LLP registered number	OC338341
Registered office	1 New Burlington Place 1st Floor London W1S 2HR
Auditor	Buzzacott LLP Statutory auditor 130 Wood Street London EC2V 6DL

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## Members' report

For the year ended 31 December 2021

The members present their report together with the audited financial statements of SFM UK Management LLP ('the LLP') for the year ended 31 December 2022.

### Principal activity

The principal activity of the LLP during the year was that of providing investment management services.

### Designated members

The designated members during the year were as follows:

SFM UK Holdings Limited

Neil Pegrum

SFM UK Holdings Limited controls 99.3% (2021: 99.3%) of the voting rights of the LLP.

### Members' capital and interests

Details of changes in members' capital in the year ended 31 December 2022 are set out in the Reconciliation of members' interests.

Members are remunerated from the profits of the LLP and are required to make their own provision for pensions and other benefits. Profits are allocated and divided between members after finalisation of the financial statements. Members draw a proportion of their profit shares monthly during the year in which it is made, with the balance of profits being distributed after the year, subject to the cash requirements of the business.

### Policy with respect to members' drawings and the subscription of members' capital

Distribution of the cumulative total profits shall be made to each working member on an annual basis up to the aggregate of their priority, performance and discretionary drawings. Profits equal to interest on Regulatory Capital at the base rate of the Bank of England at 31 December each financial period are allocated to the managing member (SFM UK Holdings Limited). Remaining profits are allocated at the discretion of the managing member. Losses shall be allocated to members in accordance with their voting percentages.

All working members are entitled to monthly drawings as agreed by the managing member. If any member draws in excess of his share of the profits, then such excess shall be carried forward and offset against his entitlement to profits in the subsequent financial period.

The designated members shall ensure that at all times the LLP has sufficient capital that is at least equal to its Regulatory Capital.

## 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 judgements 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.

This report was approved by the members on 25 April 2023 and signed on their behalf by:

**M Rajani**  
**on behalf of SFM UK Holdings Limited**  
Designated member

## Independent auditor's report to the members of SFM UK Management LLP

For the year ended 31 December 2022

### Opinion

We have audited the financial statements of SFM UK Management LLP ('the LLP') for the year ended 31 December 2022, which comprise the Statement of comprehensive income, the Statement of financial position, the Reconciliation of members' interests and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the LLP's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applied to limited liability partnerships by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

### 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. We are independent of the LLP in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 LLP's ability to continue as a going concern for a period of at least 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.

## **Independent auditor's report to the members of SFM UK Management LLP (continued)**

For the year ended 31 December 2022

### **Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The members are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 this 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, 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 LLP'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 LLP 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

## Independent auditor's report to the members of SFM UK Management LLP (continued)

For the year ended 31 December 2022

### Auditor's responsibilities for the audit of the financial statements (continued)

#### *How the audit was considered capable of detecting irregularities including fraud*

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations, including knowledge specific to auditing regulated investment advisory firms;
- we made enquiries of management as to where they considered there was susceptibility to fraud, and their knowledge of actual, suspected and alleged fraud;
- we identified the laws and regulations that could reasonably be expected to have a material effect on the financial statements of the LLP through discussions with members and other management at the planning stage, and from our knowledge and experience of regulated investment advisory firms;
- the audit team held a discussion to identify any particular areas that were considered to be susceptible to misstatement, including with respect to fraud and non-compliance with laws and regulations; and
- we focused our planned audit work on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the LLP including the Companies Act 2006 as applied to LLPs, The Financial Services and Markets Act 2000, employment legislation and taxation legislation.

We assessed the extent of compliance with the laws and regulations identified above through:

- making enquiries of management;
- inspecting legal expenditure and correspondence throughout the year for any potential litigation or claims; and
- considering the internal controls in place that are designed to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- determined the susceptibility of the LLP to management override of controls by checking the implementation of controls and enquiring of individuals involved in the financial reporting process;
- reviewed journal entries throughout the year to identify unusual transactions;
- performed analytical procedures to identify any large, unusual or unexpected transactions and investigated any large variances from the prior period;
- reviewed accounting estimates and evaluated where judgements or decisions made by management indicated bias on the part of the LLP's management; and
- carried out substantive testing to check the occurrence and cut-off of expenditure.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, the Financial Conduct Authority and the LLP's legal advisors.



## Independent auditor's report to the members of SFM UK Management LLP (continued)

For the year ended 31 December 2022

### Auditors responsibilities for the audit of the financial statements (continued)

There are inherent limitations in our audit procedures described above. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error as they may involve deliberate concealment or collusion. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the members and other management and the inspection of regulatory and legal correspondence, if any.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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 LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applied by Part 12 of The Limited Liability Partnerships (Accounts and Audit) (Applications of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Chapman (Senior statutory auditor)

for and on behalf of

**Buzzacott LLP**

Statutory auditor

130 Wood Street

London

EC2V 6DL

26 April 2023

## Statement of comprehensive income

For the year ended 31 December 2022

	Note	2022 £	2021 £
Revenue	4	31,163,306	42,904,074
Administrative expenses		(11,462,920)	(13,229,766)
Other operating income	5	-	10,000
		<u>19,700,386</u>	<u>29,684,308</u>
<b>Profit for the year before members' remuneration and profit shares</b>		<b>19,700,386</b>	<b>29,684,308</b>
Profit for the year before members' remuneration and profit shares		19,700,386	29,684,308
Members' remuneration charged as an expense		(18,394,325)	(28,193,775)
		<u>1,306,061</u>	<u>1,490,533</u>
<b>Profit for the financial year available for discretionary division among members</b>		<b>1,306,061</b>	<b>1,490,533</b>

There was no other comprehensive income for 2022 or 2021.

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

**Statement of financial position**

as at 31 December 2022

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	10	696,465	801,842
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	28,826,897	39,829,092
Cash at bank and in hand	12	1,944,022	152,538
		<u>30,770,919</u>	<u>39,981,630</u>
Creditors: Amounts Falling Due Within One Year	13	(4,900,214)	(6,063,801)
<b>Net current assets</b>		<u>25,870,705</u>	<u>33,917,829</u>
<b>Total assets less current liabilities</b>		<u>26,567,170</u>	<u>34,719,671</u>
Other provisions	14	(275,000)	(275,000)
<b>Net assets</b>		<u><u>26,292,170</u></u>	<u><u>34,444,671</u></u>
<b>Represented by:</b>			
<b>Loans and other debts due to members within one year</b>			
Other amounts		21,792,170	29,944,671
<b>Members' other interests</b>			
Members' capital classified as equity		4,500,000	4,500,000
		<u>26,292,170</u>	<u>34,444,671</u>
<b>Total members' interests</b>			
Loans and other debts due to members		21,792,170	29,944,671
Members' other interests		4,500,000	4,500,000
		<u>26,292,170</u>	<u>34,444,671</u>

The financial statements were approved and authorised for issue by the members and were signed on their behalf on 25 April 2023.

**M Rajani**  
**on behalf of SFM UK Holdings Limited**  
 Designated member

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

**Reconciliation of members' interests**

For the year ended 31 December 2022

	Equity Members' other interests		Debt Loans and other debts due to members less any amounts due from members in debtors		Total members' interests	
	Members' capital (classified as equity) £	Other reserves £	Total £	Other amounts £	Total £	Total £
				32,143,818	32,143,818	
Amounts due to members						
<b>Balance at 1 January 2021</b>	<b>4,500,000</b>	-	<b>4,500,000</b>	<b>32,143,818</b>	<b>32,143,818</b>	<b>36,643,818</b>
Members' remuneration charged as an expense	-	-	-	28,193,775	28,193,775	28,193,775
	-	1,490,533	1,490,533	-	-	1,490,533
Profit for the year						
<b>Members' interests after profit for the year</b>	<b>4,500,000</b>	<b>1,490,533</b>	<b>5,990,533</b>	<b>60,337,593</b>	<b>60,337,593</b>	<b>66,328,126</b>
Allocated profit for the year	-	(1,490,533)	(1,490,533)	1,490,533	1,490,533	-
	-	-	-	(31,883,455)	(31,883,455)	(31,883,455)
Drawings						
				29,944,671	29,944,671	
Amounts due to members						
<b>Balance at 31 December 2021</b>	<b>4,500,000</b>	-	<b>4,500,000</b>	<b>29,944,671</b>	<b>29,944,671</b>	<b>34,444,671</b>
Members' remuneration charged as an expense	-	-	-	18,394,325	18,394,325	18,394,325
	-	1,306,061	1,306,061	-	-	1,306,061
Profit for the year						
<b>Members' interests after profit for the year</b>	<b>4,500,000</b>	<b>1,306,061</b>	<b>5,806,061</b>	<b>48,338,996</b>	<b>48,338,996</b>	<b>54,145,057</b>
Allocated profit for the year	-	(1,306,061)	(1,306,061)	1,306,061	1,306,061	-
	-	-	-	(27,852,887)	(27,852,887)	(27,852,887)
Drawings						
				21,792,170	21,792,170	
Amounts due to members						

		-	4,500,000	21,792,170	21,792,170	
<b>Balance at 31 December 2022</b>	<b><u>4,500,000</u></b>					<b><u>26,292,170</u></b>

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

## Notes to the financial statements

For the year ended 31 December 2022

### 1. General information

SFM UK Management LLP is a limited liability partnership incorporated in England and Wales. The registered office of the LLP is 1 New Burlington Place, 1st Floor, London, W1S 2HR.

### 2. 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 UK and Republic of Ireland ('FRS 102'), 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 judgement in applying the LLP's accounting policies (see note 3).

The principal accounting policies are set out below.

#### 2.2 FRS 102 - reduced disclosure exemptions

The LLP, as a qualifying entity, has taken advantage of the reduced disclosures for subsidiaries set out in section 1 of FRS 102. The LLP has elected not to prepare a statement of cash flows, to not disclose remuneration to key management personnel and taken the exemptions covering the disclosure of financial instruments. This information is disclosed in the consolidated financial statements of SFM UK Holdings Limited and can be obtained from Companies House.

#### 2.3 Statement of changes in equity

A reconciliation of members' interests has been presented as a primary statement instead of a statement of changes in equity per paragraph 60A of the LLP SORP.

#### 2.4 Revenue

Revenue represents income derived from the LLP's principal activity of providing investment management services to Soros Fund Management LLC, Quantum Partners LP, and affiliates in accordance with the Investment Management Agreements.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the LLP and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the LLP will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

## Notes to the financial statements

For the year ended 31 December 2022

### 2. Accounting policies (continued)

#### 2.5 Tangible fixed assets

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

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Leasehold improvements - Over the lease term

Equipment, furniture and fittings - 25% per annum

Computer equipment - 33.3% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Administrative expenses' in the Statement of comprehensive income.

#### 2.6 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### 2.7 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.

#### 2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### 2.9 Financial instruments

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

## Notes to the financial statements

For the year ended 31 December 2022

### 2. Accounting policies (continued)

#### 2.9 Financial instruments (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income statement. For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the LLP would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### 2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.



## Notes to the financial statements

For the year ended 31 December 2022

### 2. Accounting policies (continued)

#### 2.11 Foreign currency translation

##### Functional and presentation currency

The LLP's functional and presentational currency is GBP.

##### Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except where deferred in other comprehensive income as qualifying cash flow hedges.

#### 2.12 Pensions

##### 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. Once the contributions have been paid the LLP has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the LLP in independently administered funds.

#### 2.13 Deferred compensation plan

Obligations for members' and employees' compensation are charged to the profit and loss account as members' remuneration or administrative expenses over the members' and employees' qualifying performance year. The liabilities could potentially increase or decrease based on factors including the benchmarked return linked to the compensation scheme. Unvested amounts are therefore disclosed as a contingent liability and are not recognised in the profit and loss account.

## Notes to the financial statements

For the year ended 31 December 2022

### 2. Accounting policies (continued)

#### 2.14 Taxation

The taxation payable on the partnership profits is the personal liability of the members and consequently neither taxation nor related deferred taxation are accounted for in the financial statements. Amounts retained for tax are treated in the same way as other profits of the partnership and are included in "Members' interests" or in "Loans and other debts due to members" depending on whether or not division of profits has occurred.

#### 2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the LLP a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to profit or loss in the year that the LLP becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the year end date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The members did not consider that there were any significant areas of estimation uncertainty or application of judgement.

### 4. Revenue

Revenue represents the amounts derived from the provision of investment management services to Soros Fund Management LLC, Quantum Partners LP and affiliates. All revenue arose within the United Kingdom.

### 5. Other operating income

	2022 £	2021 £
Liabilities assumed by group entities	-	10,000
	<u>-</u>	<u>10,000</u>

## Notes to the financial statements

For the year ended 31 December 2022

### 6. Operating profit

The operating profit is stated after charging:

	2022 £	2021 £
Exchange differences	30,021	(3,149)
Other operating lease rentals	<u>736,958</u>	<u>745,109</u>

### 7. Auditor's remuneration

During the year, the LLP obtained the following services from the LLP's auditor and its associates:

	2022 £	2021 £
Fees payable to the LLP's auditor for the audit of the LLP's financial statements	12,750	11,250
Fees payable to the LLP's auditor in respect of:		
Audit-related assurance services	2,000	2,000
Taxation compliance services	3,000	3,000
All non-audit services not included above	<u>65,999</u>	<u>68,885</u>

### 8. Staff costs and average number of employees

Staff costs during the year were as follows:

	2022 £	2021 £
Wages and salaries	4,933,967	6,270,600
Social security costs	692,632	856,894
Cost of defined contribution scheme	132,539	160,378
	<u>5,759,138</u>	<u>7,287,872</u>

The average monthly number of persons (including members with contracts of employment) employed during the year was as follows:

	2022 No.	2021 No.
Investment professionals	11	15
Non-investment professionals	7	6
	<u>18</u>	<u>21</u>

## Notes to the financial statements

For the year ended 31 December 2022

### 9. Information in relation to members

	2022 No.	2021 No.
The average number of members during the year was	<u>8</u>	<u>8</u>
	2022 £	2021 £
The amount of profit attributable to the member with the largest entitlement was	<u>11,039,302</u>	<u>15,834,936</u>

### 10. Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>				
At 1 January 2022	1,480,646	14,241	705,841	2,200,728
Additions	-	-	96,993	96,993
At 31 December 2022	<u>1,480,646</u>	<u>14,241</u>	<u>802,834</u>	<u>2,297,721</u>
<b>Depreciation</b>				
At 1 January 2022	713,687	12,649	672,550	1,398,886
Charge for the year	162,536	1,275	38,559	202,370
At 31 December 2022	<u>876,223</u>	<u>13,924</u>	<u>711,109</u>	<u>1,601,256</u>
<b>Net book value</b>				
At 31 December 2022	<u>604,423</u>	<u>317</u>	<u>91,725</u>	<u>696,465</u>
At 31 December 2021	<u>766,959</u>	<u>1,592</u>	<u>33,291</u>	<u>801,842</u>

## Notes to the financial statements

For the year ended 31 December 2022

### 11. Debtors

	2022 £	2021 £
Amounts owed by group undertakings	27,395,071	38,339,080
Other debtors	879,074	931,883
Prepayments and accrued income	552,752	558,129
	<u>28,826,897</u>	<u>39,829,092</u>

Other debtors includes an amount of £674,280 (2021 - £674,280) that relates to a rent deposit. This amount is receivable after more than one year.

### 12. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	1,944,022	152,538
	<u>1,944,022</u>	<u>152,538</u>

### 13. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	47,165	4,568
Other taxation and social security	52,883	47,965
Accruals and deferred income	4,800,166	6,011,268
	<u>4,900,214</u>	<u>6,063,801</u>

The creditors of the LLP are protected to the value of the net assets on insolvency and are ranked before members.

## Notes to the financial statements

For the year ended 31 December 2022

### 14. Provisions

	Dilapidations provision £
At 1 January 2022	275,000
At 31 December 2022	<u>275,000</u>

### 15. Loans and other debts due to members

	2022 £	2021 £
Amounts due to members	21,792,170	29,944,671
	<u>21,792,170</u>	<u>29,944,671</u>

### 16. Contingent liabilities

Contingent liabilities regarding deferred compensation plans are disclosed in note 21. The contingent liabilities could potentially increase or decrease based on factors including the benchmarked return linked to the compensation scheme. Other than the above, there were no contingent liabilities at 31 December 2022 or 31 December 2021.

### 17. Pension commitments

The entity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the entity in an independently administered fund. The pension cost charge represents contributions payable by the entity to the fund and are disclosed in note 8. Contributions totalling £nil (2021 - £nil) were payable to the fund at the reporting date.

### 18. Commitments under operating leases

At 31 December 2022 the LLP had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	749,200	749,200
Later than 1 year and not later than 5 years	2,027,972	2,777,172
	<u>2,777,172</u>	<u>3,526,372</u>

## Notes to the financial statements

For the year ended 31 December 2022

### 19. Capital commitments

There were no capital commitments at 31 December 2022 or 31 December 2021.

### 20. Related party transactions

At 31 December 2022, following the profit allocations for the year then ended, the LLP owed £5,241,319 to SFM UK Holdings Limited (2021 - £3,940,475).

During the year, the LLP charged £31,163,305 (2021 - £42,904,074) to Soros Fund Management LLC and affiliates for investment management services.

During the year, Soros Fund Management LLC paid £1,851,728 (2021 - £1,879,713) of expenses on behalf of the LLP.

At 31 December 2022, £27,395,071 (2021 - £38,339,080) was payable by Soros Fund Management LLC to the LLP.

SFM UK Holdings Limited and Soros Fund Management LLC are considered to be related parties by virtue of common control.

### 21. Controlling party

The LLP is under the control of SFM UK Holdings Limited, the managing member of the LLP.

The ultimate parent company is Soros Fund Management LLC, a Delaware limited liability company. In the opinion of the designated members, there is no one single ultimate controlling party.

The smallest group of undertakings preparing consolidated financial statements including the LLP is headed by SFM UK Holdings Limited.

The largest group of such undertakings is headed by Soros Fund Management LLC.

The financial statements of SFM UK Holdings Limited are available from the Registrar of Companies in the United Kingdom.

### 22. Compensation commitments

The LLP has adopted compensation arrangements where compensation commitments have been made to certain key members and employees based on a three year vesting schedule. The unvested commitments and vesting periods as at 31 December are as follows:

	2022 £	2021 £
2022	-	16,631,862
2023	7,535,104	7,198,506
2024	2,276,127	2,205,246
2025	313,382	-
	<u>10,124,613</u>	<u>26,035,614</u>





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