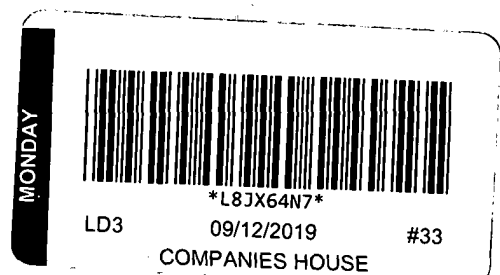


D. E. Shaw & Co. (London), LLP

Report

Year Ended 31 March 2019



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D. E. Shaw & Co. (London), LLP

Management Committee

Neil Cosgrove (ceased to be a committee member effective 30 April 2018)

Julius Gaudio

Christopher Zaback

Members

Neil Cosgrove

Julius Gaudio

D. E. Shaw & Co. (U.K.), Ltd.

Auditor

Ernst & Young LLP

25 Churchill Place

Canary Wharf

London

E14 5EY

Registered Office

D. E. Shaw & Co. (London), LLP

Seventh Floor

55 Baker Street

London

W1U 8EW

D. E. Shaw & Co. (London), LLP
Registered No. OC377872

Management Committee's Report

Year Ended 31 March 2019

The Management Committee presents the annual report together with the financial statements of D. E. Shaw & Co. (London), LLP (the "LLP") for the financial year ended 31 March 2019. The LLP is a limited liability partnership and a subsidiary of D. E. Shaw & Co. (U.K.), Ltd. ("DESCOUK"), a private company limited by shares. Both the LLP and DESCOUK are domiciled in the United Kingdom (the "UK").

The Management Committee is responsible for the governance of the LLP and the oversight of its operations. The Members of the LLP have delegated the responsibility for the preparation of this report and the financial statements of the LLP to the Management Committee.

Principal Activity

Pursuant to the permissions received from the UK Financial Conduct Authority (the "FCA") under Part 4A of the Financial Services and Markets Act 2000, the LLP is authorised to engage in certain regulated activities in the UK. Under these permissions, the LLP provides investment advisory and other related services, predominantly to D. E. Shaw & Co., L.P. ("DESCO LP"), which is DESCOUK's parent and a United States ("U.S.") domiciled investment adviser registered with the U.S. Securities and Exchange Commission. The LLP's activities are conducted ultimately for the benefit of DESCO LP's (and certain of its affiliates') advisory clients and focus on investment and trading opportunities in European markets and certain global markets. DESCO LP provides management and investment advisory services to certain private investment funds and related entities.

The LLP's Pillar 3 disclosure, as required by the FCA's Prudential Sourcebook for Banks, Building Societies and Investment Firms (BIPRU 11.3.3R), is available for review at the D. E. Shaw group website, www.deshaw.com.

Review of the Business

The results of the LLP for the financial year are shown in the statement of comprehensive income on page 8 and the financial position is set out in the statement of financial position on page 9.

The LLP was compensated by DESCO LP for its services during the year in accordance with a License and Services Agreement and an Investment Advisory Agreement between them. Over the course of the financial year, the average monthly number of employees of the LLP increased from 43 to 46.

Going Concern

The LLP's business activities are set out under the heading "Principal Activity" above. The financial position of the LLP and its liquidity position are reflected on the statement of financial position.

While the LLP remains dependent on revenue primarily from DESCO LP, the Management Committee is not aware of any reason that this relationship will be terminated in the foreseeable future. The nature of the relationship with DESCO LP (and certain of its affiliates) indicates a high degree of certainty that the LLP will continue to be profitable and, historically, the LLP has received income in a timely manner in order to manage its obligations (which are relatively predictable in nature). As a consequence, the Management

Management Committee's Report (Continued)

Year Ended 31 March 2019

Going Concern (Continued)

Committee believes that the LLP is well placed to manage its business risks successfully. The Management Committee has a reasonable expectation that the LLP will continue to have adequate resources and has also assessed the financial resources, performance, and client base of DESCO LP in order to arrive at a determination that the LLP will have adequate capital to meet its obligations for the foreseeable future. Thus, the Management Committee continues to adopt the going concern basis of accounting in preparing the financial statements.

Future Developments

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

Principal Risks and Uncertainties

Given that the LLP's revenue is primarily derived from DESCO LP, the LLP's principal risks relate to the credit default and liquidity risks associated with the receipt of income on a timely basis from this related party. These risks are managed through regular dialogue with DESCO LP and the maintenance of sufficient working capital to meet its liabilities as they fall due.

On 29 March 2017, the British government invoked Article 50 and began a two-year countdown to the United Kingdom ("UK") withdrawing from the European Union ("Brexit"). Negotiations continue, but much uncertainty remains and there are a range of possible outcomes and timeframes for many aspects of UK's exit. The LLP is well positioned to manage the challenges that may arise as a result of Brexit.

From an operational perspective, the key risks to the LLP relate to the potential for non-compliance by the LLP with applicable regulations, including those issued by the FCA that could lead to the cancellation of the LLP's UK regulatory permissions. These risks are managed through regular review of the LLP's compliance framework by senior management.

Management Committee

The following people served on the Management Committee of the LLP during the financial year and through to the report date, except as noted below:

Neil Cosgrove (ceased to be a committee member effective 30 April 2018)
Julius Gaudio
Christopher Zaback

Disclosure of Information to the Auditor

So far as each member of the Management Committee is aware, there is no relevant audit information of which the LLP's auditor is unaware. Each member of the Management Committee has taken all steps they believe ought to have been taken in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of this information.

D. E. Shaw & Co. (London), LLP
Registered No. OC377872

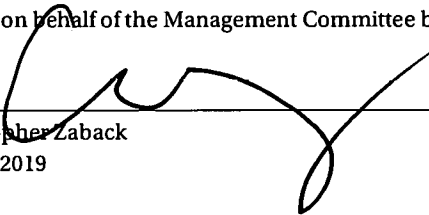
Management Committee's Report (Continued)

Year Ended 31 March 2019

Reappointment of Auditor

The auditor, Ernst & Young LLP, has indicated willingness to continue in office. The Management Committee will propose a motion re-appointing the auditors at a meeting of the members.

Signed on behalf of the Management Committee by:



Christopher Zaback
15 July 2019

Statement of Management Committee's Responsibilities

Year Ended 31 March 2019

Under the delegated authority of the Members of the LLP, the Management Committee is responsible for preparing the Management Committee's Report and the financial statements of the LLP in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 made under the Limited Liability Partnerships Act 2000 requires the preparation of the financial statements for each financial year. Under that regulation, the Management Committee has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and Financial Reporting Standard ("FRS") 102). The Management Committee must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the LLP and of the comprehensive income of the LLP for that financial year. In preparing these financial statements, the Management Committee is required to:

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

The Management Committee is 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 enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. The Management Committee is also responsible for safeguarding the assets of the LLP and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report

To the Members of D. E. Shaw & Co. (London), LLP

Opinion

We have audited the financial statements of D. E. Shaw & Co. (London), LLP (the "LLP") for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Reconciliation of Members' Interests, the Statement of Cash Flows and the related notes 1 to 14, 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 Financial Reporting Standard ("FRS") applicable in the United Kingdom ("UK") and Republic of Ireland ("FRS 102").

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the LLP's affairs as at 31 March 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; 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 LLP in accordance with the ethical requirements in the UK that are relevant to our audit of the financial statements, including the Financial Reporting Council ("FRC")'s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the 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 LLP'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.

Independent Auditor's Report (Continued)

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

In preparing the financial statements, the members are responsible for assessing the 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.

Independent Auditor's Report (Continued)

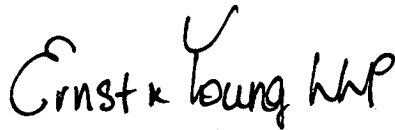
Auditor's responsibilities for the audit of the financial statements

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 FRC'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 LLP and the LLP'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, reading "Ernst & Young LLP". The signature is written in a cursive, flowing style.

Irene Psalti (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London
15 July 2019

D. E. Shaw & Co. (London), LLP

Statement of Comprehensive Income

For the Year Ended 31 March 2019

		Year Ended 31 March 2019 £	Year Ended 31 March 2018 £
	<i>Notes</i>		
Turnover			
Fee income		64,792,149	52,165,478
Other income		<u>161,390</u>	<u>152,517</u>
Total Turnover	3	<u>64,953,539</u>	<u>52,317,995</u>
Expenses			
Administrative expenses		56,725,371	44,470,797
Expense reimbursements from affiliated entities		<u>(3,546,337)</u>	<u>(2,248,436)</u>
Net Expenses		<u>53,179,034</u>	<u>42,222,361</u>
Operating Profit	4	11,774,505	10,095,634
Foreign exchange loss		(53,665)	(45,668)
Interest income		<u>3,240</u>	<u>308</u>
Profit for the year available for discretionary division among members	6	11,724,080	10,050,274
Other comprehensive income		<u>-</u>	<u>-</u>
Total Comprehensive Income		<u>11,724,080</u>	<u>10,050,274</u>

All amounts are in respect of continuing activities.

The accompanying notes are an integral part of this Statement of Comprehensive Income.

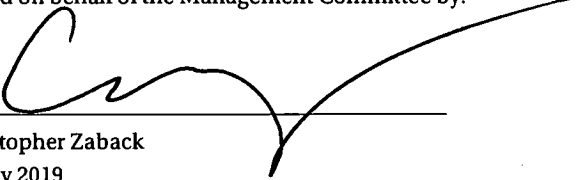
D. E. Shaw & Co. (London), LLP
Registered No. OC377872

Statement of Financial Position

As at 31 March 2019

	Notes	As at 31 March 2019 £	As at 31 March 2018 £
Non-current Assets			
Tangible fixed assets	7	<u>1,182,282</u>	<u>229,631</u>
Total non-current assets		<u>1,182,282</u>	<u>229,631</u>
Current Assets			
Debtors	8	5,114,176	3,145,610
Cash and cash equivalents		<u>12,682,937</u>	<u>10,561,499</u>
Total current assets		<u>17,797,113</u>	<u>13,707,109</u>
Current Liabilities			
Creditors	9	<u>5,113,319</u>	<u>3,833,122</u>
Total current liabilities		<u>5,113,319</u>	<u>3,833,122</u>
Net current assets		<u>12,683,794</u>	<u>9,873,987</u>
Non-current Liabilities			
Creditors	9	<u>1,373,681</u>	<u>834,736</u>
Total non-current liabilities		<u>1,373,681</u>	<u>834,736</u>
Total Net Assets Attributable To Members		<u>12,492,395</u>	<u>9,268,882</u>
Represented by:			
Equity			
Members' capital		5,461,000	5,471,000
Other reserves		<u>7,031,395</u>	<u>3,797,882</u>
Total Equity		<u>12,492,395</u>	<u>9,268,882</u>
Memorandum of Members' Total Interests			
Loans and other debts due (from)/to Members		26,956	(149,535)
Members' other interests		<u>12,492,395</u>	<u>9,268,882</u>
Members' Total Interests		<u>12,519,351</u>	<u>9,119,347</u>

Signed on behalf of the Management Committee by:


Christopher Zaback
15 July 2019

The accompanying notes are an integral part of this Statement of Financial Position.

D. E. Shaw & Co. (London), LLP

Reconciliation of Members' Interests

For the Year Ended 31 March 2019

	Members' capital £	Other reserves £	Total Members' other interests £	Loans and other debts due (from)/ to Members' £	Total Members' interests £
Balance at 1 April 2017	5,471,000	4,114,462	9,585,462	(124,130)	9,461,332
Profit for the year	-	10,050,274	10,050,274	-	10,050,274
Profit allocations	-	(10,366,854)	(10,366,854)	10,366,854	-
Distributions	-	-	-	(10,392,259)	(10,392,259)
Balance at 31 March 2018	5,471,000	3,797,882	9,268,882	(149,535)	9,119,347
Profit for the year	-	11,724,080	11,724,080	-	11,724,080
Profit allocations	-	(8,490,567)	(8,490,567)	8,490,567	-
Distributions	-	-	-	(8,314,076)	(8,314,076)
Return of Capital	(10,000)	-	(10,000)	-	(10,000)
Balance at 31 March 2019	5,461,000	7,031,395	12,492,395	26,956	12,519,351

The accompanying notes are an integral part of this Reconciliation of Members' Interests.

D. E. Shaw & Co. (London), LLP

Statement of Cash Flows

For the Year Ended 31 March 2019

	<i>Notes</i>	Year Ended 31 March 2019 £	Year Ended 31 March 2018 £
Net cash inflow from operating activities	10	<u>11,629,389</u>	<u>11,339,179</u>
Investing activities:			
Purchase of tangible assets		(1,187,115)	(119,643)
Interest received		<u>3,240</u>	<u>308</u>
Net cash outflow from investing activities		<u>(1,183,875)</u>	<u>(119,335)</u>
Financing activities:			
Return of capital		(10,000)	-
Distributions to Members		<u>(8,314,076)</u>	<u>(10,392,259)</u>
Net cash outflow from financing activities		<u>(8,324,076)</u>	<u>(10,392,259)</u>
Increase in cash and cash equivalents		2,121,438	827,585
Cash and cash equivalents as of the beginning of the year		<u>10,561,499</u>	<u>9,733,914</u>
Cash and cash equivalents as of the end of the year		<u><u>12,682,937</u></u>	<u><u>10,561,499</u></u>

The accompanying notes are an integral part of this Statement of Cash Flows.

Notes to Financial Statements

Year Ended 31 March 2019

1. General Information

D. E. Shaw & Co. (London), LLP (the "LLP") is a limited liability partnership incorporated and registered in England and Wales. The registered office of the LLP is at 55 Baker Street, 7th Floor, London, W1U 8EW.

2. Summary of Significant Accounting Policies

a. Basis of Accounting

The financial statements of the LLP, a subsidiary of D. E. Shaw & Co (U.K.), Ltd ("DESCOUK"), have been prepared in accordance with the Financial Reporting Standard ("FRS") applicable in the United Kingdom ("UK") and Republic of Ireland ("FRS 102").

The preparation of the consolidated financial statements in compliance with FRS 102 may require management to use its judgment in making certain estimates. It is expected that such estimates will differ from the amounts ultimately realized due to the uncertainties inherent in any such estimation process, and the differences may be material.

The financial statements have been prepared on a going concern basis in accordance with FRS 102 and 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 the Companies Act 2006) Regulations 2008 and in accordance with the Statement of Recommended Practice "Accounting for Limited Liability Partnerships" issued in January 2017.

b. Members' Profit Allocations

The Management Committee determines the allocation of profits and losses amongst the Members in accordance with the Limited Liability Partnership Deed ("Partnership Agreement"). The LLP has no fixed obligation to allocate profits to the Members. The profits of the LLP are allocated amongst the Members at the discretion of the Management Committee. The Members' remuneration is shown as a deduction from Members' interests.

Any cash withdrawn from the LLP by Members in advance of a profit allocation are recognised as a loan due from Members. Where profit allocations exceed drawings made by Members, this is represented as a loan amount due to the Members. Where drawings exceed profit allocations, this is presented as a loan due from Members.

c. Tangible Fixed Assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditures that are 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.

Notes to Financial Statements (Continued)

Year Ended 31 March 2019

2. Summary of Significant Accounting Policies (Continued)

c. *Tangible Fixed Assets (Continued)*

Tangible fixed assets are depreciated over their estimated useful lives as follows:

Computer equipment	3 years straight-line
Furniture, fittings and office equipment	5 years straight-line
Leasehold improvements	Over the term of the lease

d. *Debtors*

Trade receivables are measured at fair value on initial recognition, which equates to the amount expected to be receivable on settlement of the asset.

e. *Creditors*

Trade payables are initially measured at fair value, which approximates the amount expected to be required to settle the obligations.

f. *Foreign Currency Translation*

The functional and presentational currency of the LLP is pound sterling (GBP). Transactions denominated in currencies other than sterling are recorded at a sterling amount computed using a rate of exchange, reasonably determined by the LLP, as of the applicable transaction date. Monetary assets and liabilities denominated in currencies other than sterling at year-end are translated into sterling at a rate of exchange, reasonably determined by the LLP, as of year-end. Any gains or losses arising from a change in exchange rates are included in the statement of comprehensive income.

g. *Deferred Compensation*

The LLP operates a deferred compensation incentive scheme for certain employees. The LLP recognises the cost of the deferred compensation award in the statement of comprehensive income on a straight line basis over the vesting period. Subject to certain conditions, employees will generally be entitled to receive the award if they continue to be employed by the LLP throughout the vesting period. The total value of the award and the cost recognised in the year is adjusted to reflect the LLP's best estimate of the value of the award.

h. *Tax*

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

Notes to Financial Statements (Continued)

Year Ended 31 March 2019

2. Summary of Significant Accounting Policies (Continued)

i. *Members' Capital*

Policies for Members' contributions, and repayments of Members' capital are governed by the Partnership Agreement. Each of the Members of the LLP were required to make a capital contribution to the LLP upon becoming a Member. Capital contributed by Members is recognised as equity in the financial statements of the LLP. Capital is repayable to the Members at the discretion of the Management Committee and in accordance with the Partnership Agreement.

j. *Operating Leases*

Rent costs under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease period.

k. *Revenue Recognition*

Income primarily represents fees earned for investment advisory services and is recognised on an accrual basis when the LLP obtains the right for consideration in exchange for its performance of services. Turnover is measured at the fair value of the consideration received, excluding value added tax.

l. *Expenses*

Expenses incurred are recognised on an accrual basis.

3. Turnover

The LLP's turnover includes income generated pursuant to the License and Services Agreement (which incorporates an investment advisory agreement) with D. E. Shaw & Co., L.P. ("DESCO LP"), the parent of DESCOUK, and arises from activities performed by the LLP in the UK on behalf of entities primarily domiciled in the U.S. In consideration for the services provided by the LLP to DESCO LP under that agreement, DESCO LP compensates the LLP through a profit sharing arrangement comprised of the following:

- (a) a monthly advisory fee based on the net assets advised by the LLP in certain investment strategies deployed by DESCO LP on behalf of its investment advisory clients;
- (b) an annual performance fee (subject to a loss carry forward provision) based on the returns generated by the assets advised by the LLP in the investment strategies to which the advisory fee described in (a) apply;
- (c) cost-plus reimbursements of costs and expenses incurred by the LLP in connection with the provision of various services that are not subject to the advisory fees and performance fees described in (a) and (b), including trade execution services relating to certain investment strategies deployed by DESCO LP on behalf of its investment advisory clients, and;

Notes to Financial Statements (Continued)

Year Ended 31 March 2019

3. Turnover (Continued)

- (d) in the event income generated by (a), (b), and (c) above does not exceed, in the aggregate, a minimum 'cost-plus floor' amount, an additional reimbursement is calculated such that DESCO LP compensates the LLP a minimum amount (subject to a loss carry forward) each year that is equal to certain of the LLP's costs and expenses incurred in providing services to DESCO LP, plus a mark-up.

In years in which DESCO LP is obligated to compensate the LLP in amounts in excess of the 'cost-plus floor' discussed in (d) above, such amounts may be clawed back against 'cost-plus floor' revenue recognised in prior periods.

Turnover is recognised when the LLP obtains the right for consideration in exchange for its performance.

4. Operating Profit

The operating profit of the LLP is stated after charging:

	Year Ended 31 March 2019	Year Ended 31 March 2018
	£	£
Depreciation of tangible fixed assets (<i>Note 7</i>)	234,464	120,636
Operating lease rental for office space	761,062	-
Auditor's remuneration for statutory audit services	71,641	79,425

The LLP's auditor did not provide any non-audit services to the LLP for the years ended 31 March 2019 and 31 March 2018.

5. Staff Costs

	Year Ended 31 March 2019	Year Ended 31 March 2018
	£	£
Wages and salaries	27,964,013	19,716,143
National insurance contributions	3,599,618	2,498,928
Other employment costs	286,706	255,521
Total	<u>31,850,337</u>	<u>22,470,592</u>

Notes to Financial Statements (Continued)

Year Ended 31 March 2019

5. Staff Costs (Continued)

The average monthly number of employees of the LLP during the financial year was as follows:

	Year Ended 31 March 2019 Nos.	Year Ended 31 March 2018 Nos.
Traders and analysts	21	21
Administration	25	22
Total	46	43

The LLP operates a deferred compensation plan under which certain employees earn deferred compensation. The awards under the deferred compensation plan typically vest over a three-year period from the initial grant date of the award. Employees are generally required to remain employed by the LLP to retain their entitlement to the award. For the year ended 31 March 2019, the deferred compensation expense was £6.0 million (2018: £4.7 million). This amount is recognised within the wages and salaries noted earlier. An amount of £4.5 million (2018: £3.4 million) was paid to employees during the year in respect of deferred compensation awarded in prior periods.

During the vesting period, deferred compensation amounts are invested on behalf of employees by DESCO LP with affiliated fund entities for which DESCO LP acts as investment adviser. In addition to the initial value of the deferred compensation award, such award will be subject to the return generated from the investment made in these underlying funds. Until the vesting date, these investments are held in the name of DESCO LP on behalf of the employees and, therefore, do not represent an asset of the LLP.

6. Members' Profit Allocation

	Year Ended 31 March 2019 £	Year Ended 31 March 2018 £
Profits for the year available and allocated for discretionary division among Members	11,724,080	10,050,274
Remuneration in respect of the Member who received the largest share of profits	4,533,513	4,315,025

The average number of Members that received profit allocations during the financial year was three (2018: three).

Notes to Financial Statements (Continued)

Year Ended 31 March 2019

7. Tangible Fixed Assets

	Computer Equipment £	Furniture, Fittings and Office Equipment £	Leasehold Improvements £	Total £
Cost:				
1 April 2018	500,944	168,405	-	669,349
Additions during the year	72,798	114,282	1,000,035	1,187,115
31 March 2019	<u>573,742</u>	<u>282,687</u>	<u>1,000,035</u>	<u>1,856,464</u>
Depreciation:				
1 April 2018	(320,683)	(119,035)	-	(439,718)
Depreciation during the year	(112,147)	(30,226)	(92,091)	(234,464)
31 March 2019	<u>(432,830)</u>	<u>(149,261)</u>	<u>(92,091)</u>	<u>(674,182)</u>
Net book value:				
31 March 2018	<u>180,261</u>	<u>49,370</u>	<u>-</u>	<u>229,631</u>
Net book value:				
31 March 2019	<u>140,912</u>	<u>133,426</u>	<u>907,944</u>	<u>1,182,282</u>

8. Debtors

	31 March 2019 £	31 March 2018 £
Amounts due from related undertakings	4,261,270	2,455,783
Prepayments	651,457	325,323
VAT recoverable	190,476	189,053
Amounts due from Members	-	149,535
Other debtors	10,973	25,916
	<u>5,114,176</u>	<u>3,145,610</u>

Notes to Financial Statements (Continued)

Year Ended 31 March 2019

9. Creditors

	31 March 2019	31 March 2018
Current	£	£
Deferred compensation and bonus	2,892,053	2,330,294
Accruals	793,197	511,160
Amounts due to related undertakings	785,903	435,465
Other taxes and national insurance contributions	580,898	517,458
Amounts due to Members	26,956	-
Other creditors	34,312	38,745
	<u>5,113,319</u>	<u>3,833,122</u>
Non-current	£	£
Deferred compensation and bonus	1,373,681	834,736
	<u>1,373,681</u>	<u>834,736</u>

Amounts shown above rank pari-passu with amounts due to Members in the event of a winding up of the LLP.

10. Notes to the Statement of Cash Flows

	Year Ended 31 March 2019	Year Ended 31 March 2018
	£	£
Operating profit	11,774,505	10,095,634
Adjustments for non-cash operating activities:		
Depreciation expense	234,464	120,636
Increase in debtors	(2,118,101)	(1,210,991)
Increase in creditors	1,792,186	2,379,568
Foreign exchange loss	(53,665)	(45,668)
Net cash inflow from operating activities	<u>11,629,389</u>	<u>11,339,179</u>

11. Related Party Transactions

The LLP provides certain services to DESCO LP (and certain of its affiliates) that are ultimately for the benefit of DESCO LP's (and certain of its affiliates') advisory clients. In connection with these services, the LLP charged DESCO LP £64.8 million for the year ended 31 March 2019 (2018: £52.2 million). The LLP has a receivable from DESCO LP and certain other affiliates of £4.3 million as of 31 March 2019 (2018: £2.5 million) relating primarily to the services referred to above. Further, DESCO LP provides support and administrative services to the LLP. In consideration for those services, DESCO LP receives a cost-plus reimbursement of certain other

Notes to Financial Statements (Continued)

Year Ended 31 March 2019

11. Related Party Transactions (Continued)

operating expenses. This amounted to reimbursable operating expenses, before mark up, of £15.0 million for the year ended 31 March 2019 (2018: £14.2 million).

In addition, the LLP has a payable to affiliates of £0.8 million as of 31 March 2019 (2018: £0.4 million) relating primarily to allocated expenses charged to the LLP in respect of services provided by these affiliates on behalf of the LLP.

Key management personnel comprise exclusively of the Members of the LLP and the remuneration allocated to the Members during the year ended 31 March 2019 has been disclosed in the reconciliation of Members' interests.

12. Financial Commitments

As of 31 March 2019, the LLP had annual commitments under a non-cancellable operating lease through 2023.

The table below presents the LLP's future minimum commitments:

	31 March 2019	31 March 2018
Amounts due:	£	£
Not later than one year	822,465	-
Later than one year and no later than five years	2,513,401	-
	<u>3,335,866</u>	<u>-</u>

13. Subsequent Events

The LLP has evaluated events subsequent to year-end through 15 July 2019, the date the financial statements were available to be issued, and there is nothing material to disclose.

14. Ultimate Parent and Controlling Company

The LLP is a subsidiary of DESCOUK, which is a wholly owned subsidiary of DESCO LP. DESCOUK is the smallest parent undertaking for which consolidated accounts that include the results of the LLP are prepared. DESCOUK is consolidated into the financial statements of DESCO LP, a Delaware limited partnership headquartered at 1166 Avenue of the Americas, 9th Floor, New York, NY, 10036.