

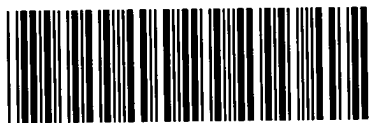
OC 377872

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

Report

Year Ended 31 March 2020

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

Company Information

Management Committee

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 2020

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 2020. 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 9 and the financial position is set out in the statement of financial position on page 10.

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 the two entities. Over the course of the financial year, the average monthly number of employees of the LLP increased from 46 to 54.

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).

Management Committee's Report (Continued)

Year Ended 31 March 2020

Going Concern (Continued)

As a consequence, the Management 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.

Additionally, the Management Committee considered and assessed the impact of COVID-19 on the LLP's business in connection with its decision to prepare the financial statements on going concern basis.

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 UK withdrawing from the European Union ("EU"), known as "Brexit". Parliament ratified the withdrawal agreement on 31 January 2020. This began a transition period that is set to end on 31 December 2020, during which the UK and EU are negotiating their future relationship. 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.

The COVID-19 outbreak has resulted in increased volatility in financial markets and material disruptions to the global economy. The extent of the impact of such developments on the LLP will depend on many factors, including the duration and spread of the outbreak, that are highly uncertain and cannot be predicted. There can be no assurances that the outbreak and its consequences for financial markets and the global economy will not have a material adverse effect on the LLP's consolidated financial statements.

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

Management Committee's Report (Continued)

Year Ended 31 March 2020

Management Committee

The following people served on the Management Committee of the LLP during the financial year and through to the report date:

Julius Gaudio
Christopher Zaback

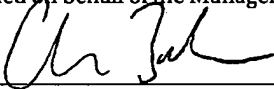
Disclosure of Information to the Auditor

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.

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
2 July 2020

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

Statement of Management Committee's Responsibilities

Year Ended 31 March 2020

Under the delegated authority by 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 2020 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 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 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 2020 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.

Independent Auditor's Report (Continued)

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.

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.

Independent Auditor's Report (Continued)

Responsibilities of Members

As explained more fully in the Statement of Management Committee's Responsibilities set out on page 5, 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.

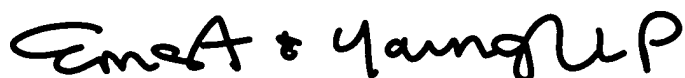
Auditor's responsibilities for the audit of the financial statements

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.

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.



Denise Davidson (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London
2 July 2020

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

Statement of Comprehensive Income

For the Year Ended 31 March 2020

	Notes	Year Ended 31 March 2020 £	Year Ended 31 March 2019 £
Turnover			
Fee income		61,181,038	64,792,149
Other income		175,818	161,390
Total Turnover	3	61,356,856	64,953,539
Expenses			
Administrative expenses		56,571,372	56,725,371
Expense reimbursements from affiliated entities		(3,836,582)	(3,546,337)
Net Expenses		52,734,790	53,179,034
Operating Profit	4	8,622,066	11,774,505
Foreign exchange loss		(51,317)	(53,665)
Interest income		4,465	3,240
Profit for the year available for discretionary division among members	6	8,575,214	11,724,080
Other comprehensive income		-	-
Total Comprehensive Income		8,575,214	11,724,080

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 2020

	Notes	As at 31 March 2020 £	As at 31 March 2019 £
Non-current Assets			
Tangible fixed assets	7	<u>1,132,772</u>	<u>1,182,282</u>
Total non-current assets		<u>1,132,772</u>	<u>1,182,282</u>
Current Assets			
Debtors	8	<u>4,660,301</u>	<u>5,114,176</u>
Cash and cash equivalents		<u>14,119,961</u>	<u>12,682,937</u>
Total current assets		<u>18,780,262</u>	<u>17,797,113</u>
Current Liabilities			
Creditors	9	<u>6,868,098</u>	<u>5,113,319</u>
Total current liabilities		<u>6,868,098</u>	<u>5,113,319</u>
Net current assets		<u>11,912,164</u>	<u>12,683,794</u>
Non-current Liabilities			
Creditors	9	<u>1,602,875</u>	<u>1,373,681</u>
Total non-current liabilities		<u>1,602,875</u>	<u>1,373,681</u>
Total Net Assets Attributable To Members		<u>11,442,061</u>	<u>12,492,395</u>
Represented by:			
Equity			
Members' capital		5,461,000	5,461,000
Other reserves		<u>5,981,061</u>	<u>7,031,395</u>
Total Equity		<u>11,442,061</u>	<u>12,492,395</u>
Memorandum of Members' Total Interests			
Loans and other debts due to/(from) Members		(89,639)	26,956
Members' other interests		<u>11,442,061</u>	<u>12,492,395</u>
Members' Total Interests		<u>11,352,422</u>	<u>12,519,351</u>

Signed on behalf of the Management Committee by:



Christopher Zaback

2 July 2020

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

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

Reconciliation of Members' Interests

For the Year Ended 31 March 2020

	Members' capital	Other reserves	Total Members' other interests	Loans and other debts due to / (from) Members'	Total Members' interests
	£	£	£	£	£
Balance at 1 April 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
Profit for the year	-	8,575,214	8,575,214	-	8,575,214
Profit allocations	-	(9,625,548)	(9,625,548)	9,625,548	-
Distributions	-	-	-	(9,742,143)	(9,742,143)
Balance at 31 March 2020	5,461,000	5,981,061	11,442,061	(89,639)	11,352,422

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

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

Statement of Cash Flows

For the Year Ended 31 March 2020

	<i>Notes</i>	Year Ended 31 March 2020 £	Year Ended 31 March 2019 £
Net cash inflow from operating activities	10	11,415,816	11,629,389
Investing activities:			
Purchase of tangible assets		(241,114)	(1,187,115)
Interest received		4,465	3,240
Net cash outflow from investing activities		(236,649)	(1,183,875)
Financing activities:			
Return of capital		-	(10,000)
Distributions to Members		(9,742,143)	(8,314,076)
Net cash outflow from financing activities		(9,742,143)	(8,324,076)
Increase in cash and cash equivalents		1,437,024	2,121,438
Cash and cash equivalents as of the beginning of the year		12,682,937	10,561,499
Cash and cash equivalents as of the end of the year		14,119,961	12,682,937

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

Notes to Financial Statements

Year Ended 31 March 2020

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 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". The Management Committee has considered the impact of COVID-19, as detailed in Note 13, and has evaluated the impact on the LLP's businesses in connection with its decision to prepare the financial statements on a going concern basis, which includes an assessment that the LLP will be able to meet its obligations for at least the next 12 months.

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. Cash and Cash Equivalents

The LLP considers cash equivalents to be short-term, highly liquid investments that (a) are readily convertible into known amounts of cash and (b) are held for cash management purposes.

Notes to Financial Statements (Continued)

Year Ended 31 March 2020

2. Summary of Significant Accounting Policies (Continued)

c. *Cash and Cash Equivalents (Continued)*

A significant majority of the LLP's liquidity is maintained in cash and cash equivalents deposited with or held by HSBC though at different times during the year such amounts may have been deposited with other financial institutions as well.

d. *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.

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

Depreciation is charged from when the asset is brought into use. The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

e. *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.

f. *Creditors*

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

g. *Foreign Currency Translation*

The functional and presentational currency of the LLP is pound sterling ("GBP"). Non-GBP transactions during the year were valued at the prevailing spot rates on the applicable transaction date, and the related assets and liabilities are revalued at the prevailing spot rates as of year-end. Any resulting gains or losses are reflected as foreign exchange loss in the statement of comprehensive income.

Notes to Financial Statements (Continued)

Year Ended 31 March 2020

2. Summary of Significant Accounting Policies (Continued)

h. 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.

i. 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.

j. Members' Capital

Policies for Members' contributions, and repayments of Members' capital are governed by the Partnership Agreement. Each of the Members of the LLP was 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.

k. Operating Leases

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

l. 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.

m. 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 on behalf of entities

Notes to Financial Statements (Continued)

Year Ended 31 March 2020

3. Turnover (Continued)

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;
- (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 2020	Year Ended 31 March 2019
	£	£
Depreciation of tangible fixed assets (<i>Note 7</i>)	290,624	234,464
Operating lease rental for office space	822,465	761,062
Auditor's remuneration for statutory audit services	<u>74,397</u>	<u>71,641</u>

The LLP's auditor did not provide any non-audit services to the LLP for the years ended 31 March 2020 and 31 March 2019.

Notes to Financial Statements (Continued)*Year Ended 31 March 2020***5. Staff Costs**

	Year Ended 31 March 2020	Year Ended 31 March 2019
	£	£
Wages and salaries	23,633,598	27,964,013
National insurance contributions	3,027,602	3,599,618
Other employment costs	374,245	286,706
Total	27,035,445	31,850,337

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

	Year Ended 31 March 2020	Year Ended 31 March 2019
	Nos.	Nos.
Traders and analysts	25	21
Administration	29	25
Total	54	46

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 2020, the deferred compensation expense was £8.2 million (2019: £6.0 million). This amount is recognised within the wages and salaries noted earlier. An amount of £6.8 million (2019: £4.5 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 2020	Year Ended 31 March 2019
	£	£
Profits for the year available for discretionary division among Members	8,575,214	11,724,080
Remuneration in respect of the Member who received the largest share of profits	4,001,815	4,533,513

The average number of Members that received profit allocations during the financial year was three (2019: three).

Notes to Financial Statements (Continued)

Year Ended 31 March 2020

7. Tangible Fixed Assets

	Computer Equipment £	Furniture, Fittings and Office Equipment £	Leasehold Improvements £	Total £
Cost:				
1 April 2019	573,742	282,687	1,000,035	1,856,464
Additions during the year	143,632	20,642	76,840	241,114
31 March 2020	<u>717,374</u>	<u>303,329</u>	<u>1,076,875</u>	<u>2,097,578</u>
Depreciation:				
1 April 2019	(432,830)	(149,261)	(92,091)	(674,182)
Depreciation during the year	(117,056)	(40,949)	(132,619)	(290,624)
31 March 2020	<u>(549,886)</u>	<u>(190,210)</u>	<u>(224,710)</u>	<u>(964,806)</u>
Net book value:				
31 March 2019	<u>140,912</u>	<u>133,426</u>	<u>907,944</u>	<u>1,182,282</u>
Net book value:				
31 March 2020	<u>167,488</u>	<u>113,119</u>	<u>852,165</u>	<u>1,132,772</u>

8. Debtors

	31 March 2020 £	31 March 2019 £
Amounts due from related undertakings	3,289,149	4,261,270
Prepayments	848,828	651,457
VAT recoverable	426,127	190,476
Amounts due from Members	89,639	-
Other debtors	6,558	10,973
	<u>4,660,301</u>	<u>5,114,176</u>

Notes to Financial Statements (Continued)

Year Ended 31 March 2020

9. Creditors

	31 March 2020	31 March 2019
Current	£	£
Deferred compensation and bonus	4,089,034	2,892,053
Accruals	905,479	793,197
Amounts due to related undertakings	955,581	785,903
Other taxes and national insurance contributions	867,219	580,898
Amounts due to Members	-	26,956
Other creditors	50,785	34,312
	<u>6,868,098</u>	<u>5,113,319</u>
Non-current	31 March 2020	31 March 2019
	£	£
Deferred compensation and bonus	<u>1,602,875</u>	<u>1,373,681</u>
	<u>1,602,875</u>	<u>1,373,681</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 2020	Year Ended 31 March 2019
	£	£
Operating profit	8,622,066	11,774,505
Adjustments for non-cash operating activities:		
Depreciation expense	290,624	234,464
Increase/(Decrease) in debtors	543,514	(2,118,101)
Increase/(Decrease) in creditors	2,010,929	1,792,186
Foreign exchange loss	(51,317)	(53,665)
Net cash inflow from operating activities	<u>11,415,816</u>	<u>11,629,389</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 £61.2 million for the year ended 31 March 2020 (2019: £64.8 million). The LLP has a receivable from DESCO LP and certain other affiliates of £3.3 million as of 31 March 2020 (2019: £4.3 million) relating primarily to these services.

Notes to Financial Statements (Continued)

Year Ended 31 March 2020

11. Related Party Transactions (Continued)

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 operating expenses. This amounted to reimbursable operating expenses, before mark up, of £18.5 million for the year ended 31 March 2020 (2019: £15.0 million).

In addition, the LLP has a payable to affiliates of £1.0 million as of 31 March 2020 (2019: £0.8 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 2020 has been disclosed in the reconciliation of Members' interests.

12. Financial Commitments

As of 31 March 2020, 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 2020	31 March 2019
Amounts due:	£	£
Not later than one year	822,465	822,465
Later than one year and no later than five years	1,690,936	2,513,401
	<u>2,513,401</u>	<u>3,335,866</u>

13. COVID-19

The COVID-19 outbreak has resulted in increased volatility in financial markets and material disruptions to the global economy. The extent of the impact of such developments on the LLP will depend on many factors, including the duration and spread of the outbreak, that are highly uncertain and cannot be predicted. There can be no assurances that the outbreak and its consequences for financial markets and the global economy will not have a material adverse effect on the LLP's financial statements.

14. Subsequent Events

The LLP has evaluated events subsequent to year-end through 2 July 2020, the date the financial statements were available to be issued.

Subsequent to year-end, there have been no capital contributions by the Members. However, there have been cash distributions of £0.3 million.

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

Notes to Financial Statements (Continued)

Year Ended 31 March 2020

15. 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.