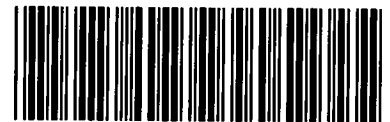


D. E. Shaw & Co. (London), LLP

Report and Financial Statements

Year Ended 31 March 2023

THURSDAY



ACJCMH01

A09

28/12/2023

#243

COMPANIES HOUSE

Contents

	<i>Page</i>
Company Information	1
Management Committee's Report	2
Statement of Management Committee's Responsibilities	5
Independent Auditor's Report	6
Statement of Comprehensive Income	10
Statement of Financial Position	11
Reconciliation of Members' Interests	12
Statement of Cash Flows	13
Notes to Financial Statements	14

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

Registered No. OC377872

Company Information

Management Committee

Julius Gaudio

Christopher Zaback

Members

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

Julius Gaudio

Neil Cosgrove (ceased to be a Member on 1 April 2022)

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

Management Committee's Report

Year Ended 31 March 2023

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 2023. 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 to D. E. Shaw & Co., L.P. ("DESCO LP"), DESCOUK's parent and a United States ("U.S.") domiciled investment adviser registered with the U.S. Securities and Exchange Commission, and certain of DESCO LP's U.S.-domiciled investment adviser affiliates. 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 and certain global markets. DESCO LP and its investment adviser affiliates provide management and investment advisory services to certain private investment funds and related entities.

Investment Firm Prudential Regime

The FCA's Investment Firm Prudential Regime, including the FCA's MIFIDPRU Prudential Sourcebook for MiFID Investment Firms, replaced the Prudential Sourcebook for Banks, Building Societies and Investment Firms capital rules effective as of 1 January 2022. The LLP's unaudited MIFIDPRU 8 disclosures are 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 on the statement of comprehensive income on page 10 and the financial position is set out on the statement of financial position on page 11.

The LLP was compensated by DESCO LP for its services during the year in accordance with a License and Services Agreement and a Sub-advisory Agreement between the two entities. Over the course of the financial year, the average monthly number of employees of the LLP increased from 69 to 74.

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

Management Committee's Report (Continued)

Year Ended 31 March 2023

Going Concern (Continued)

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 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 12 months from the date the financial statements are available to be issued. Therefore, the Management Committee continues to adopt the going concern basis of accounting in preparing the financial statements.

Future Developments

The Management Committee does not anticipate any significant change in the nature of the activities of the LLP, or the associated risks, for the foreseeable future.

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.

From an operational perspective, the key risks to the LLP relate to the potential for non-compliance by the LLP with applicable rules and 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:

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

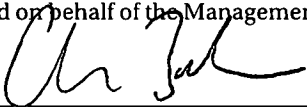
Management Committee's Report (Continued)

Year Ended 31 March 2023

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

28 June 2023

Statement of Management Committee's Responsibilities

Year Ended 31 March 2023

Under the delegated authority by the Members of D. E. Shaw & Co. (London), LLP (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 United Kingdom ("UK") law and regulations.

The Management Committee has elected to prepare the financial statements for each financial year in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Companies Act 2006, as applicable to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. 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 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 in accordance with Section 10 of FRS 102 and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable, and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events, and conditions on the LLPs financial position and financial performance;
- state whether applicable UK Accounting Standards, including FRS 102, 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 appropriate to presume that the LLP will not 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 "limited liability partnership") for the year ended 31 March 2023 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 FRS 102 "The Financial Reporting Standard applicable to the UK and Republic of Ireland".

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the limited liability partnership's affairs as at 31 March 2023 and of its profit for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting Standard applicable to the UK and Republic of Ireland"; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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 limited liability partnership's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.



Independent Auditor's Report (Continued)

Conclusions relating to going concern (continued)

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the limited liability partnership's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The members are responsible for the other information contained within the annual report.

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- ▶ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ▶ the financial statements are not in agreement with the accounting records and returns; or
- ▶ we have not received all the information and explanations we require for our audit.

Responsibilities of members

As explained more fully in the 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.



Independent Auditor's Report (Continued)

Responsibilities of members (continued)

In preparing the financial statements, the members are responsible for assessing the limited liability partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the limited liability partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was, as follows:

- ▶ We obtained an understanding of the legal and regulatory frameworks that are applicable to the limited liability partnership and determined that the most significant are those that relate to the reporting framework United Kingdom Generally Accepted Accounting Practice in conformity with the requirement of Companies Act 2006 as applied to the limited liability partnership and the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" as applied to the limited liability partnership. In addition, the limited liability partnership is required to comply with relevant Financial Conduct Authority's rules and regulations relating to its operations.
- ▶ We understood how the limited liability partnership is complying with those frameworks by making enquiries of management and by seeking representation from those charged with governance. We corroborated our understanding by reviewing members' meeting minutes and relevant policy and procedures manuals. We also reviewed correspondence with relevant authorities.



Independent Auditor's Report (Continued)

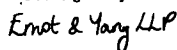
Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- ▶ We assessed the susceptibility of the limited liability partnership's financial statements to material misstatement, including how fraud might occur by considering the risk of management override from improper revenue recognition as a fraud risk. We incorporated data analytics and performed journal entry testing by specific risk criteria, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business.
- ▶ Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of management and those charged with governance, review of legal and professional expenses, review of breaches and complaints registers, and review of members meeting minutes.
- ▶ The limited liability partnership is a regulated investment manager under the supervision of the FCA. As such, the Senior statutory auditor reviewed the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to Limited Liability Partnerships. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

24C833B96348446...

Sarah Langston (Senior statutory auditor)

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

London

28 June 2023

Statement of Comprehensive Income

Year Ended 31 March 2023

	Notes	Year Ended 31 March 2023 £	Year Ended 31 March 2022 £
Turnover			
Fee income		110,494,248	124,652,433
Other income		<u>246,101</u>	<u>181,610</u>
Total Turnover	3	<u>110,740,349</u>	<u>124,834,043</u>
Expenses			
Administrative expenses		95,271,052	77,599,911
Expense reimbursements from affiliated entities		<u>(4,237,411)</u>	<u>(4,351,173)</u>
Net Expenses		<u>91,033,641</u>	<u>73,248,738</u>
Operating Profit	4	19,706,708	51,585,305
Foreign exchange loss		(82,090)	(141,311)
Interest income	5	<u>368,008</u>	<u>453</u>
Profit for the year available for discretionary division among members	7	19,992,626	51,444,447
Other comprehensive income		<u>-</u>	<u>-</u>
Total Comprehensive Income		<u><u>19,992,626</u></u>	<u><u>51,444,447</u></u>

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

Statement of Financial Position

As at 31 March 2023

	Notes	As at 31 March 2023 £	As at 31 March 2022 £
Non-current Assets			
Tangible fixed assets	8	1,795,182	1,892,033
Total non-current assets		1,795,182	1,892,033
Current Assets			
Debtors	9	7,191,593	6,708,861
Cash and cash equivalents		22,711,320	16,410,349
Total current assets		29,902,913	23,119,210
Current Liabilities			
Creditors	10	9,682,260	7,592,680
Total current liabilities		9,682,260	7,592,680
Net current assets		20,220,653	15,526,530
Non-current Liabilities			
Creditors	10	2,115,036	2,237,526
Total non-current liabilities		2,115,036	2,237,526
Total Net Assets Attributable to Members		19,900,799	15,181,037
Represented by:			
Equity			
Members' capital		5,461,000	5,461,000
Other reserves		14,439,799	9,720,037
Total Equity		19,900,799	15,181,037
Memorandum of Total Members' Interests			
Amount due from Members		-	(92,625)
Members' other interests		19,900,799	15,181,037
Total Members' Interests		19,900,799	15,088,412

Signed on behalf of the Management Committee by:



Christopher Zaback
28 June 2023

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

Reconciliation of Members' Interests

Year Ended 31 March 2023

	Members' Capital	Other Reserves	Total Equity	Amount due from Members	Total Members' Interests
	£	£	£	£	£
Balance at 1 April 2021	5,461,000	8,269,895	13,730,895	(92,625)	13,638,270
Profit for the year	-	51,444,447	51,444,447	-	51,444,447
Profit allocations	-	(49,994,305)	(49,994,305)	49,994,305	-
Distributions	-	-	-	(49,994,305)	(49,994,305)
Balance at 31 March 2022	5,461,000	9,720,037	15,181,037	(92,625)	15,088,412
Profit for the year	-	19,992,626	19,992,626	-	19,992,626
Profit allocations	-	(15,272,864)	(15,272,864)	15,272,864	-
Distributions	-	-	-	(15,180,239)	(15,180,239)
Balance at 31 March 2023	5,461,000	14,439,799	19,900,799	-	19,900,799

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

Statement of Cash Flows

Year Ended 31 March 2023

	Notes	Year Ended 31 March 2023 £	Year Ended 31 March 2022 £
Net Cash Inflow from Operating Activities	11	21,506,652	50,915,127
Investing Activities:			
Purchase of tangible assets	8	(393,450)	(1,178,015)
Interest received	5	368,008	453
Net Cash Outflow from Investing Activities		(25,442)	(1,177,562)
Financing Activities:			
Distributions to Members	11	(15,180,239)	(49,994,305)
Net Cash Outflow from Financing Activities		(15,180,239)	(49,994,305)
Increase/(Decrease) in cash and cash equivalents		6,300,971	(256,740)
Cash and cash equivalents at the beginning of the year		16,410,349	16,667,089
Cash and Cash Equivalents at the End of the Year		22,711,320	16,410,349

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

Notes to Financial Statements

Year Ended 31 March 2023

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

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Basis of Preparation

The financial statements of the LLP, a subsidiary of D. E. Shaw & Co. (U.K.), Ltd. ("DESCOUK"), have been prepared on a going concern basis in accordance with the Financial Reporting Standard ("FRS") applicable in the United Kingdom ("UK") and Republic of Ireland ("FRS 102") and the Companies Act 2006, as applicable to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008 (together, the "Applicable Standards").

The financial statements may require management to use its judgment in making certain estimates. Due to the uncertainties inherent in any estimation process, it is expected that such estimates may differ from the amounts ultimately realised, and the differences may be material.

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 is recognised as amounts due from Members. Where drawings by Members exceed profit allocations, this is presented as amounts due from Members. Where profit allocations exceed drawings made by Members, this is represented as amounts due to the 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. As of year-end, the LLP's liquidity is maintained in cash and cash equivalents deposited with, or held by, HSBC and Standard Chartered.

Notes to Financial Statements (Continued)

Year Ended 31 March 2023

2. Summary of Significant Accounting Policies (Continued)

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 on 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 received 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 and losses are reflected as foreign exchange loss on the statement of comprehensive income.

h. *Deferred Compensation*

The LLP has deferred compensation plans under which certain employees earn deferred compensation. The awards under the deferred compensation plans are for services rendered during the compensation period, but typically vest over the following three-year period, during which time employees generally are required to remain employed by the LLP to achieve such vesting, subject to certain conditions. The LLP recognises the deferred compensation expense with a corresponding liability typically over the three-year vesting period on a straight-line basis.

Notes to Financial Statements (Continued)

Year Ended 31 March 2023

2. Summary of Significant Accounting Policies (Continued)

h. Deferred Compensation (Continued)

During the vesting period, deferred compensation amounts are invested by D. E. Shaw & Co., L.P. ("DESCO LP") with affiliated fund entities for which DESCO LP acts as investment adviser. In addition to the initial value of the deferred compensation awards, such awards will be subject to the return generated from the investment made in these underlying funds and the final amounts paid may vary based upon such performance. Included in deferred compensation are signing bonuses that are awarded at the inception of employment and expensed on a straight-line basis over each year-end period during which the employees are required to remain employed by the Company to receive such bonuses.

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 to consideration in exchange for its performance of services. Turnover is measured at the fair value of the consideration received, excluding Value Added Tax ("VAT").

3. Turnover

The LLP's turnover includes income generated pursuant to the License and Services Agreement (which incorporates a Sub-advisory agreement) with DESCO LP, DESCOUK's parent, and arises from activities performed by the LLP on behalf of entities primarily domiciled in the U.S. In consideration for the services provided by the LLP to DESCO LP and certain of its investment adviser affiliates

Notes to Financial Statements (Continued)

Year Ended 31 March 2023

3. Turnover (Continued)

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 and certain of its investment adviser affiliates on behalf of 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 and certain of its investment adviser affiliates on behalf of 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 and certain of its investment adviser affiliates, 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 to consideration in exchange for its provision of services.

4. Operating Profit

The operating profit of the LLP is stated after charging:

	Year Ended 31 March 2023	Year Ended 31 March 2022
	£	£
Depreciation of tangible fixed assets (Note 8)	490,301	436,347
Operating lease rental for office space	1,186,240	1,092,562
Auditor's remuneration for statutory audit services	82,355	63,974

The LLP's auditor provided £5,000 (2022: £5,000) of non-audit services to the LLP related to regulatory reporting for the years ended 31 March 2023 and 31 March 2022.

Notes to Financial Statements (Continued)

Year Ended 31 March 2023

5. Interest Income

	Year Ended 31 March 2023	Year Ended 31 March 2022
	£	£
Bank interest income	368,008	453

6. Staff Costs

	Year Ended 31 March 2023	Year Ended 31 March 2022
	£	£
Wages and salaries	45,246,569	38,859,510
National insurance contributions	6,116,005	5,053,388
Pension costs	492,322	512,523
Total	<u>51,854,896</u>	<u>44,425,421</u>

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

	Year Ended 31 March 2023	Year Ended 31 March 2022
	Nos.	Nos.
Investment professionals	26	30
Support and administration	48	39
Total	<u>74</u>	<u>69</u>

Wages and salaries primarily include salary, bonus, and deferred compensation expenses. For the year ended 31 March 2023, the deferred compensation expense was £12.4 million (2022: £13.2 million). An amount of £10.8 million (2022: £12.4 million) was paid to employees during the year in respect of deferred compensation awarded in prior periods.

7. Members' Profit Allocation

	Year Ended 31 March 2023	Year Ended 31 March 2022
	£	£
Profits for the year available for discretionary division among Members	19,992,626	51,444,447
Remuneration in respect of the Member who received the largest share of profits	15,819,763	47,250,142

The average number of Members that received profit allocations during the financial year was two (2022: three).

Notes to Financial Statements (Continued)

Year Ended 31 March 2023

8. Tangible Fixed Assets

	Computer Equipment £	Furniture, Fittings, and Office Equipment £	Leasehold Improvements £	Total £
Cost:				
1 April 2022	1,295,445	321,117	1,996,015	3,612,577
Additions during the year	207,281	124,486	61,683	393,450
31 March 2023	<u>1,502,726</u>	<u>445,603</u>	<u>2,057,698</u>	<u>4,006,027</u>
Depreciation:				
1 April 2022	(894,463)	(262,585)	(563,496)	(1,720,544)
Depreciation during the year	(256,611)	(51,108)	(182,582)	(490,301)
31 March 2023	<u>(1,151,074)</u>	<u>(313,693)</u>	<u>(746,078)</u>	<u>(2,210,845)</u>
Net book value:				
31 March 2022	<u>400,982</u>	<u>58,532</u>	<u>1,432,519</u>	<u>1,892,033</u>
Net book value:				
31 March 2023	<u>351,652</u>	<u>131,910</u>	<u>1,311,620</u>	<u>1,795,182</u>

9. Debtors

	31 March 2023 £	31 March 2022 £
Amounts due from related undertakings	6,089,985	5,727,782
Prepayments	823,029	680,940
VAT recoverable	276,198	192,765
Other debtors	2,381	14,749
	<u>7,191,593</u>	<u>6,616,236</u>
Amount due from members	-	92,625
	<u>7,191,593</u>	<u>6,708,861</u>

Notes to Financial Statements (Continued)

Year Ended 31 March 2023

10. Creditors

	31 March 2023	31 March 2022
	£	£
Current		
Deferred compensation and bonus	6,383,819	4,812,622
Accruals	1,481,066	1,336,753
Amounts due to related undertakings	390,077	91,847
Other taxes and national insurance contributions	1,300,975	914,580
Other creditors	126,323	436,878
	<u>9,682,260</u>	<u>7,592,680</u>
Non-current		
Deferred compensation and bonus	2,115,036	2,237,526
	<u>11,797,296</u>	<u>9,830,206</u>

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

11. Notes to the Statement of Cash Flows

	Year Ended 31 March 2023	Year Ended 31 March 2022
	£	£
Operating profit	19,706,708	51,585,305
Adjustments for non-cash operating activities:		
Depreciation expense	490,301	436,347
Increase in debtors	(575,357)	(2,108,763)
Increase in creditors	1,967,090	1,143,549
Foreign exchange loss	(82,090)	(141,311)
Net cash inflow from operating activities	<u>21,506,652</u>	<u>50,915,127</u>

During the year ended 31 March 2022, distribution to Members included a non-cash intercompany settlement of £44.2 million to DESCOUK.

12. 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 £110.5 million for the year ended 31 March 2023 (2022: £124.7 million). The LLP has a receivable from DESCO LP and certain other affiliates of £6.1 million as of 31 March 2023 (2022: £5.7 million) relating primarily to these services.

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.

Notes to Financial Statements (Continued)

Year Ended 31 March 2023

12. Related Party Transactions (Continued)

This amounted to reimbursable operating expenses, before mark-up, of £31.1 million for the year ended 31 March 2023 (2022: £22.9 million).

In addition, the LLP has a payable to affiliates of £0.4 million as of 31 March 2023 (2022: £0.1 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 are comprised exclusively of certain Members of the LLP (or their representative, in the case of DESCOUK) and the remuneration allocated to the Members during the year ended 31 March 2023 has been disclosed in the reconciliation of Members' interests.

13. Financial Commitments

As of 31 March 2023, the LLP had annual commitments under non-cancellable operating leases through April 2028, after exercising the option to extend the lease in 2023.

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

	31 March 2023	31 March 2022
Amounts due:	£	£
Not later than one year	1,247,743	1,178,761
Later than one year and no later than five years	5,189,030	75,697
	<u>6,436,773</u>	<u>1,254,458</u>

14. Subsequent Events

The LLP has evaluated events subsequent to year-end through 28 June 2023, the date the financial statements were available to be issued.

Subsequent to year-end, the LLP made cash distributions to Members amounting to £0.3 million.

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.