

Registration No. OC393269

Squarepoint Capital LLP

Members' Report and Audited Financial Statements

For the year ended 31 December 2015

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**Squarepoint Capital LLP**

**Registration No: OC393269**

**General Information**

**Designated members**

Squarepoint UK Holdco 1 Limited  
Pierre-Adrien Nicolas

**Registered Office**

Tower 42, 11<sup>th</sup> floor  
25 Old Broad Street  
London, EC2N 1HQ

**Bankers**

Barclays Bank PLC  
1 Churchill Place  
Canary Wharf  
London  
E15 5HP

Sumitomo Mitsui Bank Corporation  
3-3-3 Akasaka Minato-ku  
Tokyo Japan 107-0052

**Auditors**

Ernst & Young LLP  
25 Churchill Place  
Canary Wharf, London  
E14 5EY

**Squarepoint Capital LLP**

**Registration No: OC393269**

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## **Squarepoint Capital LLP**

**Registration No: OC393269**

### **Members' Report**

**For the year ended 31 December 2015**

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The members present their Members' report for Squarepoint Capital LLP (the "Partnership") with the financial statement for the year ended 31 December 2015 and the period 21 May 2014 (date of incorporation) to 31 December 2014.

### **Principal activities**

The principal activity of the Partnership is to provide sub-investment management services to Squarepoint Master Fund Limited ("Master Fund") and Squarepoint Core Master Fund Limited ("Core Master Fund"). The Partnership expects to continue its current activities.

### **Business review and future developments**

The audited financial statements for the Partnership are shown on pages 7 to 19. The profit for the year after taxation amounted to £9,672,146 (2014: loss of £273,907).

During the year, the Partnership expanded its investments research and investment management teams and considers the future prospects of the Partnership to be good. The Partnership is authorised and regulated by the Financial Conduct Authority ("FCA").

The Partnership monitors performance on an on-going basis. The key performance indicators are the performance and size of the funds under management.

### **Foreign branch**

The Partnership has a branch located in Tokyo, Japan with two employees.

### **Designated members**

The following designated members have held office during the year:

Squarepoint UK Holdco 1  
Pierre-Adrien Nicolas

### **Policy on members' drawings**

The members' drawing policy allows each member to draw a proportion of their profit share, subject to the cash requirements of the business. There is no opportunity for appreciation of the capital subscribed. Just as incoming members introduce their capital at 'par', so the retiring members are repaid their capital at 'par'.

### **Staff**

The Partnership averaged 23 employees in 2015 (2014: 17).

### **Principal risks and uncertainties**

The Partnership's business carries a number of risks and uncertainties. Details of the Partnership's financial risks, are as follows:

#### *Foreign currency exchange risks*

The Partnership engages in related company transactions denominated in currencies other than Great British Pounds and Japanese Yen, the operating currency of its branch. Such exposure is carefully monitored and was determined to be minimal at the present time.

#### *Credit risk*

Credit risk is the potential exposure of the Partnership to loss in the event of non-performance by a counterparty. The Partnership controls credit risk through credit approval processes for new counterparties. The Partnership minimises exposure to credit risk by monitoring of creditworthiness of all counterparties.

**Squarepoint Capital LLP****Registration No: OC393269****Members' Report (continued)  
For the year ended 31 December 2015**

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*Liquidity risk*

Liquidity risk is the risk that the sources of funding for the Partnership's business activities may not be available. This risk is managed via detailed budgeting and cash management techniques and is monitored by the Partnership's senior management.

*Operational risk*

Operational risk is the risk of a loss or other adverse consequences arising from inadequate or failed internal processes, people and systems, or from external events. The Partnership mitigates its operational risk exposures through the implementation of an effective control environment.

*Legal, regulatory and compliance risk*

This category includes the risk of non-compliance with applicable legal and regulatory frameworks, in particular those of the FCA. The Partnership has established procedures that are designed to ensure compliance with applicable statutory and regulatory requirements. The Partnership has established internal policies relating to ethics and business conduct, compliance with applicable legal and regulatory requirements, as well as training and other procedures designed to ensure that these policies are followed.

**Members' liabilities**

The Partnership has not provided any indemnities to its Members at any time during the financial period or at the time when the members' report is approved.

**Financial Instruments**

Pursuant to its BiPRU authorisation, the Partnership does not use or hold financial instruments for its own account.

**Charitable and political contributions**

Neither the Partnership (either individually or as an entity) nor its subsidiaries made any charitable or political contributions in 2015 (2014: nil).

**Going concern**

Based on projected cash requirements and available resources, the members have a reasonable expectation that the Partnership has adequate resources (both financial and regulatory) to continue in operational existence for the foreseeable future. Furthermore, the members are not aware of any material uncertainties that may cast significant doubt upon the Partnership's ability to continue as a going concern. Accordingly, they continue to adopt the going concern of accounting in preparing the financial statements.

**Events since the statement of financial position date**

There have been no events after the statement of financial position date which require disclosure in these financial statements.

**Statement of disclosure to auditors**

In the case of each of the persons who are members at the time when the report is approved, there is no relevant audit information of which the Partnership's auditors are unaware. Additionally, the members have taken all the necessary steps that they ought to have taken as members in order to make themselves aware of all relevant audit information and to establish that the Partnership's auditors are aware of that information.

**Squarepoint Capital LLP**

**Registration No: OC393269**

**Members' Report (continued)**  
**For the year ending 31 December 2015**

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**Auditors**

The auditors, Ernst & Young LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008).



Pierre-Adrien Nicolas  
Director of Squarepoint UK Holdco 1 Limited  
Designated member  
25 April 2016

**Squarepoint Capital LLP**

**Registration No: OC393269**

**Statement of Members' Responsibilities  
For the year ended 31 December 2015**

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

Company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) requires the members to prepare financial statements for each financial year. Under those regulations the members have elected to prepare the Partnership's financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, and in accordance with applicable laws and regulations in United Kingdom.

Under company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that period. In preparing those financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 Partnership will continue in business.

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

**Independent Auditor's Report to the Members of Squarepoint Capital LLP  
For the year ended 31 December 2015**

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We have audited the financial statements of Squarepoint Capital LLP which comprise the Statement of Financial Position as at 31 December 2015, the Statement of Comprehensive Income, the Statement of Changes in Members' Capital, the Cash Flow Statement for the year ended 31 December 2015 and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union.

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 by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of members and auditor**

As explained more fully in the Statement of Members' Responsibilities 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the limited liability partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the designated members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Members' Report and the Audited Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

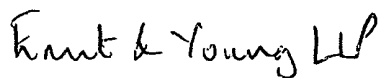
In our opinion the financial statements:

- ▶ give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2015 and of its profit for the year then ended;
- ▶ have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where 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



**Matthew Price (Senior statutory auditor)**

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

**London**

**25 April 2016**



**Squarepoint Capital LLP**

Registration No: OC393269

**Statement of Comprehensive Income  
For the year ended 31 December 2015**

	Notes	2015	For the period 21 May 2014 (date of incorporation) to 31 December 2014
		GBP	GBP
<b>Revenue</b>			
Sub-manager fees	3,7	11,938,364	-
Expense reimbursement revenue	3,7	6,499,332	180,005
Other income		9,538	41
<b>Total revenue</b>		<b>18,447,234</b>	<b>180,046</b>
<b>Expenses</b>			
Salaries and other staff cost	4	4,831,757	84,657
Professional fees		1,026,963	58,500
Datacenter & colocation center costs		735,852	69,490
Market data services costs		534,764	7,763
Rent & rent related expenses		359,104	5,738
Systems & maintenance related expenses		237,940	107,487
Depreciation expense	5	221,671	9,087
Travel		91,237	1,922
Office supplies & expenses		44,826	83,705
Regulatory & filing fees		2,632	19,165
Other operating expenses		381,995	6,439
<b>Total expenses</b>		<b>8,468,741</b>	<b>453,953</b>
Net income/(loss) for the year/period before taxes		9,978,493	(273,907)
Taxes	6	306,347	-
<b>Net income/(loss) for the year/period after taxes</b>		<b>9,672,146</b>	<b>(273,907)</b>
Other comprehensive (loss)/income:			
Exchange differences on translation of foreign operation		(5,124)	107
<b>Total comprehensive income/(loss) for the year/period</b>		<b>9,667,022</b>	<b>(273,800)</b>

*The accompanying accounting policies and explanatory information form an integral part of the financial statements.*

**Squarepoint Capital LLP**

**Registration No: OC393269**

**Statement of Financial Position  
For the year ended 31 December 2015**

	Notes	2015 GBP	2014 GBP
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	928,974	672,890
Rent deposits		200,262	147,538
Deferred tax asset	6	65,494	-
<b>Total non-current assets</b>		<b>1,194,730</b>	<b>820,428</b>
<b>Current assets</b>			
Cash		2,210,706	833,743
Amounts due from related parties	7	9,096,909	3,372
Prepaid expenses		292,572	24,988
Other receivables		125,527	17,350
<b>Total current assets</b>		<b>11,725,714</b>	<b>879,453</b>
<b>Total assets</b>		<b>12,920,444</b>	<b>1,699,881</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accrued compensation		2,062,650	-
Amounts due to a related party	7	-	506,348
Accrued expenses		366,494	88,303
Other payables		50,081	58,414
Income tax payable		378,308	-
<b>Total current liabilities</b>		<b>2,857,533</b>	<b>653,065</b>
<b>Net current assets</b>		<b>8,868,181</b>	<b>226,388</b>
<b>Net assets attributable to members</b>		<b>10,062,911</b>	<b>1,046,816</b>
<b>Represented by:</b>			
<b>Other debt due to members within one year</b>		<b>2,014,000</b>	<b>-</b>
<b>Equity- members' other interests</b>			
Members' other interests – other reserves classified as equity		6,732,419	(273,907)
Revaluation reserve		(5,124)	107
Members' capital		1,321,616	1,320,616
<b>Total members' other interests</b>		<b>8,048,911</b>	<b>1,046,816</b>
<b>Total members' interest</b>			
Other debts due to members		2,014,000	-
Members' other interests		8,048,911	1,046,816
<b>Total members' interest</b>		<b>10,062,911</b>	<b>1,046,816</b>
<b>Total Equity</b>		<b>10,062,911</b>	<b>1,046,816</b>

Approved by the Members and authorised for issue on 25 April 2016.

Pierre-Adrien Nicolas  
Director of Squarepoint UK Holdco 1 Limited  
Designated member



*The accompanying accounting policies and explanatory information form an integral part of the financial statements.*

**Squarepoint Capital LLP**

**Registration No: OC393269**

**Statement of Changes in Members' Capital  
For the year ended 31 December 2015**

	<b>Members' capital (classified as equity) GBP</b>	<b>Re-valuation reserve GBP</b>	<b>Other reserves GBP</b>	<b>Loans due to members GBP</b>	<b>Total Members' capital and other interest GBP</b>
Members' interests at 31 December 2014	1,320,616	107	(273,907)	-	1,046,816
Members' capital introduced	1,000	-	-	-	1,000
Profit/(loss) for the year	-	-	9,672,146	-	9,672,146
Profit allocation	-	-	(651,820)	-	(651,820)
Other division of profit	-	-	(2,014,000)	2,014,000	-
FX on translation of Branch	-	(5,231)	-	-	(5,231)
Members' interests at 31 December 2015	<b>1,321,616</b>	<b>(5,124)</b>	<b>6,732,419</b>	<b>2,014,000</b>	<b>10,062,911</b>
	<b>Members' capital (classified as equity) GBP</b>	<b>Re-valuation reserve GBP</b>	<b>Other reserves GBP</b>	<b>Loans due to members GBP</b>	<b>Total Members' capital and other interest GBP</b>
Members' interests at 16 December 2014	-	-	-	-	-
Members' capital introduced	1,320,616	-	-	-	1,320,616
Profit/(loss) for the period	-	-	(273,907)	-	(273,907)
FX on translation of Branch	-	107	-	-	107
Members' interests at 31 December 2014	<b>1,320,616</b>	<b>107</b>	<b>(273,907)</b>	<b>-</b>	<b>1,046,816</b>

*The accompanying accounting policies and explanatory information form an integral part of the financial statements.*

**Squarepoint Capital LLP**

Registration No: OC393269

**Cash Flow Statement  
For the year ended 31 December 2015**

	2015	For the period 21 May 2014 (date of incorporation) to 31 December 2014
	GBP	GBP
<b>Cash flows from operating activities</b>		
Net income/(loss) per the year/period before taxes	9,978,493	(273,907)
Adjustments for to reconcile loss for the year to net cash flow from operating activities:		
Depreciation expense	221,671	9,087
Operating income/(loss) before working capital changes	10,200,164	(264,820)
Increase in assets:		
Rent deposits, prepaid expenses and other receivables	(426,864)	(189,981)
Amounts due from related parties	(9,071,161)	(3,378)
Increase/(decrease) in liabilities:		
Accrued compensation	2,061,708	-
Accrued expenses and other payables	269,189	146,728
Amounts due to a related party	(506,856)	506,348
<b>Net cash flows provided by operating activities</b>	<b>2,526,180</b>	<b>194,897</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(472,995)	(683,742)
<b>Net cash flows used in investing activities</b>	<b>(472,995)</b>	<b>(683,742)</b>
<b>Cash flow from transactions with members</b>		
Payments to members	(651,820)	-
Members' capital introduced	1,000	1,320,616
<b>Net cash (used in)/provided by financing activities</b>	<b>(650,820)</b>	<b>1,320,616</b>
<b>Net increase in cash</b>	<b>1,402,365</b>	<b>831,771</b>
Effect of exchange rate (loss)/gain on cash	(25,402)	1,972
Cash at the beginning of the year/period	833,743	-
<b>Cash at the end of the year/period</b>	<b>2,210,706</b>	<b>833,743</b>

*The accompanying accounting policies and explanatory information form an integral part of the financial statements.*

## **Squarepoint Capital LLP**

**Registration No: OC393269**

### **Notes to the Financial Statements For the year ended 31 December 2015**

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

#### **1. Corporate information**

The financial statements of Squarepoint Capital LLP (the "Partnership") for the financial year ended 31 December 2015 were authorised for issue by the members on 25 April 2016. The Partnership is a limited liability partnership incorporated in England. The registered office of the Partnership is located at Tower 42, 11<sup>th</sup> floor, 25 Old Broad Street, London, EC2N 1HQ. The Partnership also has a branch office located in Tokyo, Japan (the "Branch").

The principal activity of the Partnership is the provision of investment management and support services with respect to an alternative investment fund.

The Partnership's parent entity is Squarepoint UK Holdco 1 Limited ("UK Holdco 1"), a company incorporated in England. Its ultimate holding company is Squarepoint Holdings, LP ("Squarepoint LP"), a limited partnership incorporated in Cayman Islands. Related parties refer to companies which are affiliated with Squarepoint LP (collectively referred to as "Squarepoint Group")

#### **2. Summary of significant accounting policies**

##### **2.1 Basis of preparation**

The Partnership's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). The accounting policies which follow set out those policies which apply in preparing the financial statements for the period ended 31 December 2015. The accounting policies applied are consistently used throughout the financial year.

The financial statements have been prepared on a historical cost basis, except as disclosed where appropriate in these financial statements.

The financial statements are presented in pounds sterling ("GBP" or "£").

##### **2.2 Standards issued but not yet effective**

The Partnership has not adopted the following standards that has been issued but not effective:

The current version of IFRS 9 'Financial Instruments' has an effective date for annual periods beginning on or after 1 January 2018 and has not yet been adopted by the EU. The standard contains new requirements for accounting for financial assets and liabilities replacing the corresponding requirements in IAS 39 'Financial Instruments: Recognition and Measurement'.

The Amendments to IAS 16 and IAS 38: 'Clarification of Acceptable Methods of Depreciation and Amortisation' has an effect date beginning on or after 1 January 2016. The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

IFRS 15 'Revenue from Contracts and Customers' as issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, when the IASB finalises their amendments to defer the effective date of IFRS 15 by one year. Early adoption is permitted.

The members expect that the adoption of the above accounting standards will have no material impact on the financial statements in the period of initial application.

**Squarepoint Capital LLP**

**Registration No: OC393269**

**Notes to the Financial Statements (continued)  
For the year ended 31 December 2015**

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**2. Summary of significant accounting policies (cont'd)**

**2.3 Significant accounting estimates and judgements**

The preparation of the Partnership's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosures of contingent liabilities at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcome that require a material adjustment to the carrying amount of the asset or liability affected in the future.

**2.4 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Partnership and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates and sales taxes or duty. The Partnership assesses its revenue arrangements to determine if it is acting as principal or agent. The Partnership has concluded that it is acting as a principal in all of its revenue arrangements.

**2.5 Expenses**

Expenses are accounted for on an accrual basis and charged to the statement of comprehensive income.

**2.6 Reserves**

Members' capital of £1,321,616 represents those amounts introduced by the members of the Partnership to be used in business operations. All amounts credited to each members' capital account shall be immediately and fully available to the Partnership for unrestricted use to cover risks and losses as and when they may occur. Future capital contributions and withdrawals are permitted as outlined by the partnership agreements. The Partnership has no obligation to return members' capital and, accordingly, this has been treated as an equity item within the statement of comprehensive income. Other reserves represent the unallocated profits from operations of the period.

**2.7 Members' profit allocation**

Following the payment of any fixed remuneration entitlement to members, any remaining profits are shared among the members as decided on a discretionary basis by management in the Squarepoint Group and governed by the Partnership Agreement dated 19 December 2014. Amounts becoming due to members in respect of members' profit allocation are debited directly to reserves in the period in which the divisions occurs. Drawings are recognised as a loan due from members until allocation occurs.

**2.8 Foreign currencies**

*Functional and presentation currency*

The Partnership's financial statements are presented in GBP, which is the Partnership's functional and presentation currency.

The functional currency of the Branch is Japanese Yen ("JPY"). As at the end of the reporting periods, the assets and liabilities of the Branch are translated into the presentation currency of the Partnership at the exchange rates prevailing at the end of the reporting period and the income statement is translated into GBP at the weighted average exchange rates for the period. The exchange differences arising on translation for consolidation are recognised in revaluation reserve. On disposal of the Branch, the component of the revaluation reserve is recognised in profit or loss.

**Squarepoint Capital LLP**

**Registration No: OC393269**

**Notes to the Financial Statements (continued)  
For the year ended 31 December 2015**

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**2. Summary of significant accounting policies (cont'd)**

**2.8 Foreign currencies (cont'd)**

*Foreign currency transactions*

Transactions in foreign currencies are measured in the Partnership's functional currency and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

**2.9 Fixed assets**

All items of fixed assets are initially recorded at cost. Subsequent to recognition, office and computer equipment and IT software are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes replacing part of the fixed asset and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying fixed asset. The cost of a fixed asset is recognised as an asset, if, and only if, it is probable that future economic benefits associated with the item will flow to the Partnership and the cost of the item can be measured reliably.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvement	-	Over life of the lease
Computer equipment	-	4 - 6 years
Office furniture	-	5 years

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of fixed assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses on derecognition of the assets are included in profit or loss in the financial year the asset is derecognised.

**2.10 Financial assets**

Financial assets are recognised on the statement of financial position when, and only when, the Partnership becomes a party to the contractual provisions of the financial instrument. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired or the Partnership has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gains or losses that have been recognised directly in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Partnership commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

**Squarepoint Capital LLP**

**Registration No: OC393269**

**Notes to the Financial Statements (continued)  
For the year ended 31 December 2015**

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**2. Summary of significant accounting policies (cont'd)**

**2.10 Financial assets (cont'd)**

*Loans and receivables*

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired as well as through the amortisation process.

The Partnership classified cash, amounts due from related parties, prepaid expenses and other receivables as loans and receivables.

**2.11 Impairment of financial assets**

The Partnership assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

*Assets carried at amortised cost*

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written-off against the carrying value of the financial asset. To determine whether there is objective evidence that an impairment loss on financial assets had been incurred, the Partnership considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

**2.12 Cash**

Cash deposits in the statement of financial position comprise of cash at banks, which is subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash, as defined above, net of outstanding bank overdrafts is considered an integral part of the Partnership's cash management.

**2.13 Financial liabilities**

Financial liabilities include accruals which are normally settled on 30 - 90 days' terms. Financial liabilities also include amounts due to affiliate which are due upon demand of the affiliate.

Financial liabilities are recognised in the statement of financial position when, and only when, the Partnership becomes a party to the contractual provisions of the financial instrument. Financial liabilities are recognised initially at fair value of consideration received less directly attributable transaction costs.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities, gains or losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process. The liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.



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**Notes to the Financial Statements (continued)  
For the year ended 31 December 2015**

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**2. Summary of significant accounting policies (cont'd)**

**2.14 Operating leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating leases payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

**2.15 Taxation**

The Partnership is not a tax paying entity for the years ended 31 December 2015, and the period from 21 May 2014 (date of incorporation) to 31 December 2015. The taxation payable on the Partnership profits is the personal liability of the members, although payment of such liabilities is administered by the Partnership on behalf of the members. Consequently, neither partnership taxation nor related deferred taxation are accounted for in the financial statements. Sums set aside in respect of members' tax obligations are included in the statement of financial position within loans and other debts due to members or set against amounts due from members as appropriate.

The Branch is subject to tax on the basis of the tax laws enacted in Japan where the Branch operates and generates taxable income. Significant judgement is involved in determining the provision for taxation. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Branch recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the provision for taxation and deferred tax assets provisions in the financial year in which such determination is made.

**(a) Deferred tax**

Deferred income tax is provided using the liability method on temporary differences at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts measured at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

**2.16 Related parties**

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Partnership if that person:
- (i) Has control or joint control over the Partnership;
  - (ii) Has significant influence over the Partnership; or
  - (iii) Is a member of the key management personnel of the Partnership or of a parent of the Partnership.

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**Notes to the Financial Statements (continued)  
For the year ended 31 December 2015**

**2. Summary of significant accounting policies (cont'd)**

**2.16 Related parties (cont'd)**

(b) An entity is related to the Partnership if any of the following conditions applies:

- (i) The entity and the Partnership are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Partnership or an entity related to the Partnership. If the Partnership is itself such a plan, the sponsoring employers are also related to the Partnership;
- (vi) The entity is controlled or jointly controlled by a person identified in (a); or
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

**3. Revenue**

Revenue represents the expense reimbursement revenue from provision of administrative and related services to a related company, and sub-manager fees for investment management services provided to alternative investment funds of the Squarepoint Group. Refer to note 7 for further details.

**4. Members' and staff costs**

Employment costs during the year ended 2015 and the period 21 May 2014 (date of incorporation) to 31 December 2014 were as follows:

	<b>2015</b>	<b>2014</b>
	<b>GBP</b>	<b>GBP</b>
The average profit per member	<u>603,582</u>	<u>-</u>
- Salaries and wages	-	21,750
- Other benefits	-	5,943
Staff cost (excluding partners' remuneration):		
- Salaries and wages	4,202,412	51,026
- Other benefits	<u>629,345</u>	<u>5,938</u>
	<b><u>4,831,757</u></b>	<b><u>84,657</u></b>

Members were allocated profit share in 2015 and were paid as salaried employees in 2014.

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**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2015****5. Property and Equipment**

	<b>Computer Equipment GBP</b>	<b>Leasehold Improvements GBP</b>	<b>Total GBP</b>
<b>Cost</b>			
At 31 December 2014	530,005	151,967	681,972
Additions	267,922	205,073	472,995
Foreign currency adjustment	6,445	-	6,445
At 31 December 2015	<u>804,372</u>	<u>357,040</u>	<u>1,161,412</u>
<b>Accumulated depreciation</b>			
At 31 December 2014	7,750	1,332	9,082
Charge for the year	179,269	42,402	221,671
Foreign currency adjustment	1,685	-	1,685
At 31 December 2015	<u>188,704</u>	<u>43,734</u>	<u>232,438</u>
<b>Net carrying amount</b>			
At 31 December 2014	<u>522,255</u>	<u>150,635</u>	<u>672,890</u>
At 31 December 2015	<u>615,668</u>	<u>313,306</u>	<u>928,974</u>

**6. Taxation**

The Partnership is not a tax paying entity for the years ended 31 December 2015 and for the period ended 31 December 2014. The taxable income/(loss) from the Partnership flows to the members. However the Branch is subject to tax on the basis of the tax laws enacted in Japan where the Branch operate and generate taxable income. Japan profit taxes have been provide at the rate of 38.34% (2014: 40.88%) on the estimates of assessable profits during the year.

	<b>2015 GBP</b>	<b>2014 GBP</b>
Current tax	388,606	-
Deferred tax charge/(credit)	(64,140)	-
Deferred tax asset not recognized in prior year	(18,119)	-
	<u>306,347</u>	<u>-</u>

**Squarepoint Capital LLP****Registration No: OC393269****Notes to the Financial Statements (continued)  
For the year ended 31 December 2015****6. Taxation (cont'd)**

A reconciliation of the tax expense applicable to the income/(loss) before tax using the statutory rates to the tax expense at the effective tax rate is as follows:

	2015 GBP	2014 GBP
Income/(loss) before taxation	854,208	(43,454)
Tax at the applicable tax rate in Japan	327,503	-
Deferred tax asset not recognized in prior year	(18,119)	-
Deferred tax asset not recognized	-	-
Other	(3,037)	-
Tax expense	306,347	-

Reconciliation of income tax payable and deferred tax asset is as follows:

	2015 GBP	2014 GBP
Current tax	388,606	-
Foreign currency adjustment	(10,298)	-
Income tax payable	378,308	-

	2015 GBP	2014 GBP
Deferred tax credit	64,140	-
Foreign currency adjustment	1,354	-
Deferred tax asset	65,494	-

Deferred tax asset arise from temporary timing differences from certain expenses incurred by the Branch.

**7. Related party transactions**

During the year, the Partnership paid expenses on behalf of related parties. The Partnership earned expense reimbursement revenue from Squarepoint Ops LLC ("Ops LLC"), as the main investment manager, amounting to £6,499,332 (2014: £180,005) for the services provided to the Master Fund and Core Master Fund. The Partnership earned sub-manager fees from Ops LLC amounting to £11,938,364 (2014: nil) for investment management services provided to the Master Fund.

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For the year ended 31 December 2015****7. Related party transactions (cont'd)**

The amounts due from/ (to) related parties, which are non-trade, unsecured, interest free and are repayable on demand.

For the year ended 31 December 2015, receivables and payable to related parties were as follows:

	2015 GBP	2014 GBP
<b>Receivables</b>		
Ops LLC	9,076,694	-
Squarepoint Operations Private Limited	13,239	2,145
Squarepoint Private Limited	5,662	-
UK Holdco 1	1,227	1,227
Squarepoint Op Co GmBH	87	-
	<u>9,096,909</u>	<u>3,372</u>
<b>Payable</b>		
Ops LLC	<u>-</u>	<u>506,348</u>

**8. Lease commitments**

The Partnership leases its office properties under operating lease arrangements of two and seven years. Future minimum lease payments under non-cancellable operating leases at 31 December 2015 are as follows:

	2015 GBP	2014 GBP
Within one year	348,281	176,744
After one year but not more than five years	1,651,840	632,184
More than 5 years	124,906	-
	<u>2,125,027</u>	<u>808,928</u>

**9. Financial risk management objectives and policies**

The Partnership is involved in the provision of administration and related services and is exposed to financial risks arising from its operations. The key financial risks include credit risk, foreign currency risk, and liquidity risk. The members review and agree policies and procedures for the management of these risks. It is, and has been throughout the current period the Partnership's policy that no trading in derivatives shall be undertaken.

The following sections provide details regarding the Partnership's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks:

**Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial assets should a counterparty default on its obligations. The Partnership's exposure to credit risk arises primarily from other receivable. Cash is placed with financial institutions with good credit rating. For other financial assets (including amounts due from related parties), the Partnership minimises credit risk by dealing with high credit rating counterparties.

The Partnership has no significant concentration of credit risk. The Partnership attempts to minimise its credit risk by evaluating and monitoring the credit exposure to its trade debtors. The Partnership adopted the policy of only dealing with credit worthy counterparties to mitigate the risk of financial loss from default. The Partnership transacts significantly with its related companies as it considers its related companies to be of good financial standing. The carrying amounts of other receivable, amounts due from related parties and cash represent the Partnership's maximum exposure to credit risk. No other financial asset carries a significant exposure to credit

**Squarepoint Capital LLP**

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**Notes to the Financial Statements (continued)  
For the year ended 31 December 2015**

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**9. Financial risk management objectives and policies (cont'd)**

***Credit risk (cont'd)***

risk. At the end of the reporting period, there is no financial asset of the Partnership that is either past due or impaired.

*Financial assets that are neither past due nor impaired*

Amounts due from related parties are neither past due nor impaired. Cash is placed with or entered with a reputable financial institutions and related companies with high credit ratings and no history of default.

*Financial assets that are past due but not impaired*

There is no class of financial assets that is past due and/or impaired.

***Foreign currency risk***

Foreign currency risk is the risk that the future cash flows or the fair value of the financial instruments will fluctuate because of changes in foreign exchange rates.

The functional currency of the Partnership is GBP. The Partnership is exposed to foreign currency risk which arises from its transactions denominated in currencies other than its functional currency. The Partnership primarily has transactional currency exposures arising from payments that are denominated in United States Dollars (USD). Management assessed that a reasonable change in the USD exchange rate as at 31 December 2015 will have an immaterial impact to the Partnership and therefore the trade receivables with affiliates are not exposed to material exchange rate risk.

In addition, management considers the Partnership's exposure to foreign currency risk arising from translation in respect of the net position in JPY of the overseas branch to be minimal.

***Liquidity risk***

Liquidity risk is the risk that the Partnership will encounter difficulty in meeting financial obligations due to shortage of funds.

To manage liquidity risk, the Partnership monitors its net operating cash flows and maintains an adequate level of cash and funding facilities from the bank. In assessing the funding facilities, the management reviews its working capital requirements regularly.

The undiscounted contractual cash flows of accrued operating expenses, and amounts due to a related party are equivalent to their carrying amounts. Accrued operating expenses are repayable within one year whereas amounts due to a related party is repayable on demand.

The ultimate holding company has undertaken to continue to provide financial and other support as necessary to the Partnership for at least twelve months to enable the Partnership to continue to carry on business and meet its liabilities.

**10. Capital management**

The Partnership manages its capital to ensure that it will be able to continue as a going concern as well as sustaining the future development of the business.

**11. Contingencies**

There are no contingencies as at the reporting date.

**12. Subsequent events**

The Partnership has evaluated subsequent events through to the date of sign-off of the financial statements. The Partnership has determined that there are no material events that would require disclosure in the financial statements.