

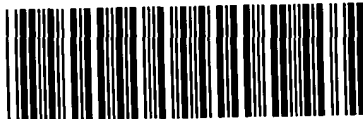
**Registration No. OC393269**

**Squarepoint Capital LLP**

**Members' Report and Audited Financial Statements**

**For the year ended 31 December 2016**

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**Squarepoint Capital LLP**

**Registration No: OC393269**

**General Information**

**Designated members**

Squarepoint UK Holdco 1 Limited  
Pierre-Adrien Nicolas

**Registered Office**

Citypoint  
One Ropemaker Street, London  
EC2Y 9AW

**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 2016**

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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 2016.

#### **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**

The audited financial statements for the Partnership are shown on pages 7 to 20. The profit for the year after taxation amounted to £5,684,230 (2015: £9,672,146).

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 closed its Branch in Tokyo, and the 2 employees relocated to other Squarepoint entities.

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

#### **Future developments**

On 27 March 2017, the Partnership entered into an agreement with Squarepoint Ops LLC to provide sub-management services to Squarepoint Focus Master Fund Limited which began operations on 1 April 2017.

#### **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 45 employees in 2016 (2015: 23).

#### **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 former branch. Such exposure is monitored by management.

##### *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 2016**

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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 2016 (2015: 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 basis 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 2016**

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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 2017

**Squarepoint Capital LLP**

**Registration No: OC393269**

**Statement of Members' Responsibilities  
For the year ended 31 December 2016**

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The members are responsible for preparing the Members' report and 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 2016**

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We have audited the financial statements of Squarepoint Capital LLP for the year ended 31 December 2016, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Members' Capital, the Cash Flow Statement 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**

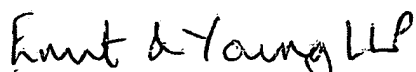
In our opinion the financial statements:

- ▶ 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 2017**



**Squarepoint Capital LLP****Registration No: OC393269****Statement of Comprehensive Income  
For the year ended 31 December 2016**

	Notes	2016	2015
		GBP	GBP
<b>Revenue</b>			
Sub-manager fees	3,7	15,238,165	11,938,364
Expense reimbursement revenue	3,7	10,602,057	6,499,332
Other income		11,288	9,538
<b>Total revenue</b>		<b>25,851,510</b>	<b>18,447,234</b>
<b>Expenses</b>			
Staff cost	4	14,026,021	4,831,757
Depreciation expense	5	336,103	221,671
Other operating expenses		5,642,437	3,415,313
<b>Total expenses</b>		<b>20,004,561</b>	<b>8,468,741</b>
Net profit for the year before taxes		5,846,949	9,978,493
Taxes	6	162,719	306,347
<b>Net profit for the year before members' remuneration and discretionary profit allocation</b>		<b>5,684,230</b>	<b>9,672,146</b>
Other comprehensive (loss)/income:			
To be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operation		(115,606)	(5,124)
Reclassified to profit or loss		120,730	-
Other comprehensive income/(loss) for the year		5,124	(5,124)
<b>Total comprehensive income for the year</b>		<b>5,689,354</b>	<b>9,667,022</b>

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

**Squarepoint Capital LLP**

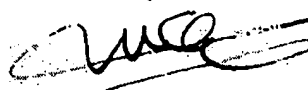
Registration No: OC393269

**Statement of Financial Position  
As at 31 December 2016**

	Notes	2016 GBP	2015 GBP
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	1,513,590	928,974
Rent deposits		1,513,227	200,262
Deferred tax asset	6	-	65,494
<b>Total non-current assets</b>		<b>3,026,817</b>	<b>1,194,730</b>
<b>Current assets</b>			
Cash		2,357,107	2,210,706
Amounts due from related parties	7	8,299,036	9,096,909
Prepaid expenses		234,069	292,572
Tax receivable	6	176,444	-
Other receivables		339,332	125,527
<b>Total current assets</b>		<b>11,405,988</b>	<b>11,725,714</b>
<b>Total assets</b>		<b>14,432,805</b>	<b>12,920,444</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accrued compensation		7,588,416	2,062,650
Accrued expenses		585,583	366,494
Other payables		23,817	50,081
Income tax payable		-	378,308
<b>Total current liabilities</b>		<b>8,197,816</b>	<b>2,857,533</b>
<b>Net current assets</b>		<b>3,208,172</b>	<b>8,868,181</b>
<b>Net assets attributable to members</b>		<b>6,234,989</b>	<b>10,062,911</b>
<b>Represented by:</b>			
Other debt due to members within one year		2,522,500	2,014,000
<b>Equity- members' other interests</b>			
Members' other interests – other reserves classified as equity		2,390,873	6,732,419
Revaluation reserve		-	(5,124)
Members' capital		1,321,616	1,321,616
<b>Total members' other interests</b>		<b>3,712,489</b>	<b>8,048,911</b>
<b>Total members' interest</b>			
Other debts due to members		2,522,500	2,014,000
Members' other interests		3,712,489	8,048,911
<b>Total members' interest</b>		<b>6,234,989</b>	<b>10,062,911</b>

Approved by the Members and authorised for issue on 25 April 2017.

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 to Members' Capital  
For the year ended 31 December 2016**

	<b>Members' capital (classified as equity) GBP</b>	<b>Re-valuation reserve GBP</b>	<b>Other reserves GBP</b>	<b>Total Members' capital GBP</b>	<b>Loans due to members GBP</b>	<b>Total Members' capital and other interest GBP</b>
Members' interests at 31 December 2015	1,321,616	(5,124)	6,732,419	8,048,911	2,014,000	10,062,911
Profit for the year	-	-	5,684,230	5,684,230	-	5,684,230
FX on translation of Branch	-	5,124	-	5,124	-	5,124
Total Comprehensive Income	-	5,124	5,684,230	5,689,354	-	5,689,354
Profit allocation	-	-	(775,980)	(775,980)	-	(775,980)
Other division of profit	-	-	(9,249,796)	(9,249,796)	2,522,500	(6,727,296)
Drawings	-	-	-	-	(2,014,000)	(2,014,000)
Members' interests at 31 December 2016	<b>1,321,616</b>	<b>-</b>	<b>2,390,873</b>	<b>3,712,489</b>	<b>2,522,500</b>	<b>6,234,989</b>

	<b>Members' capital (classified as equity) GBP</b>	<b>Re-valuation reserve GBP</b>	<b>Other reserves GBP</b>	<b>Total Members' capital 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	-	1,046,816
Members' capital introduced	1,000	-	-	1,000	-	1,000
Profit for the year	-	-	9,672,146	9,672,146	-	9,672,146
FX on translation of Branch	-	(5,231)	-	(5,231)	-	(5,231)
Total Comprehensive Income	-	(5,231)	9,672,146	9,666,915	-	9,666,915
Profit allocation	-	-	(651,820)	(651,820)	-	(651,820)
Other division of profit	-	-	(2,014,000)	(2,014,000)	2,014,000	-
Members' interests at 31 December 2015	<b>1,321,616</b>	<b>(5,124)</b>	<b>6,732,419</b>	<b>8,048,911</b>	<b>2,014,000</b>	<b>10,062,911</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 2016**

	<b>2016</b>	<b>2015</b>
	<b>GBP</b>	<b>GBP</b>
<b>Cash flows from operating activities</b>		
Net profit for the year before taxes	5,846,949	9,978,493
Adjustments for to reconcile net profit for the year before taxes to net cash flow from operating activities:		
FX translation of Branch	(120,730)	-
Depreciation expense	336,103	221,671
Operating income/ before working capital changes	6,062,322	10,200,164
Increase/(decrease) in assets:		
Rent deposits, prepaid expenses and other receivables	(1,461,141)	(426,864)
Amounts due from related parties	987,555	(9,071,161)
Increase/(decrease) in liabilities:		
Accrued compensation	5,484,276	2,061,708
Accrued expenses and other payables	190,100	269,189
Amounts due to a related party	-	(506,856)
<b>Cash flow from operations</b>	<b>11,263,112</b>	<b>2,526,180</b>
Income tax paid	(724,923)	-
<b>Net cash flows provided by operating activities</b>	<b>10,538,189</b>	<b>2,526,180</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(895,850)	(472,995)
<b>Net cash flows used in investing activities</b>	<b>(895,850)</b>	<b>(472,995)</b>
<b>Cash flow from financing activities</b>		
Payments to members	(9,517,276)	(651,820)
Members' capital introduced	-	1,000
<b>Net cash used in financing activities</b>	<b>(9,517,276)</b>	<b>(650,820)</b>
<b>Net increase in cash</b>	<b>125,063</b>	<b>1,402,365</b>
Effect of exchange rate gain/(loss) on cash	21,338	(25,402)
Cash at the beginning of the year	2,210,706	833,743
<b>Cash at the end of the year</b>	<b>2,357,107</b>	<b>2,210,706</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 2016**

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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 2016 were authorised for issue by the members on 25 April 2017. The Partnership is a limited liability partnership incorporated in England. The registered office of the Partnership is located at Citypoint, One Ropemaker Street, London, EC2Y 9AW (2015: Tower 42, 11th floor, 25 Old Broad Street, London, EC2N 1HQ). The Partnership closed its branch office located in Tokyo, Japan (the "Branch") on 28 December 2016.

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

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 Limited ("Squarepoint Ltd"), a limit company incorporated in Cayman Islands (2015: Squarepoint Holdings, LP). Related parties refer to companies which are affiliated with Squarepoint Ltd (collectively referred to as "Squarepoint Group") (2015: Squarepoint Holdings, LP). All members are related parties of Squarepoint Ltd.

#### **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 2016. 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 "£").

After reviewing the Partnership's forecast and projections, the members have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future. The Partnership therefore continues to adopt the going concern basis in preparing its financial statements.

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

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

IFRS 9: 'Financial Instruments'; effective for periods beginning on or after 1 January 2018 (endorsed 22 November 2016). The standard replaces the guidance in IAS 39 'Financial Instruments: Recognition and Measurement' and addresses the classification, measurement and recognition of financial assets and liabilities including a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Partnership is assessing the potential impact on its financial statements but it is not expected to have a material impact on the Partnership's results.

IFRS 15: 'Revenue from Contracts with Customers'; effective for periods beginning on or after 1 January 2018 (endorsed 22 September 2016). The standard replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes' and establishes a comprehensive framework for determining whether, how much and when revenue is recognised by introducing a five step model. Management is assessing the potential impact on the Partnership's financial statements but does not expect it to have a significant impact on the Partnership's results; IFRS 15 requires revenue to be recognised only to the extent that it is highly probable that the revenue will not subsequently be reversed and this is broadly in line with the Partnership's current accounting policy.

**Squarepoint Capital LLP**

**Registration No: OC393269**

**Notes to the Financial Statements  
For the year ended 31 December 2016**

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

**2.2 Standards issued but not yet effective (cont'd)**

IFRS 16: 'Leases'; effective for periods beginning on or after 1 January 2019. The new standard replaces IAS 17 'Leases' and significantly revises the way that entities will account for leases. It will result in most leases being accounted for on-balance sheet recognising a new category of right-of-use asset and liability based on discounted future lease payments. The impact on the results of the Partnership may be material, with the asset being depreciated over its useful life and the lease payment being apportioned between a finance charge and capital repayment. The Partnership is assessing the potential impact on its financial statements.

Amendments to IAS 7: In January 2016, the IASB issued amendments to IAS 7 Statement of Cash Flows with the intention to improve disclosures of financing activities and help users to better understand the reporting entities' liquidity positions. Under the new requirements, entities will need to disclose changes in their financial liabilities as a result of financing activities such as changes from cash flows and non-cash items (e.g., gains and losses due to foreign currency movements). The amendment is effective from 1 January 2017. The Partnership is currently evaluating the impact.

**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. There were no significant accounting estimates and judgements used in the preparation of these financial statements.

**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 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 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 and drawings**

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.

**Squarepoint Capital LLP**

**Registration No: OC393269**

**Notes to the Financial Statements  
For the year ended 31 December 2016**

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

**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.

*Functional and presentation currency (cont'd)*

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 the Branch are recognised in revaluation reserve. On closure of the Branch, the component of the revaluation reserve is recognised in profit or loss.

*Foreign currency transactions*

Transactions in foreign currencies are recorded 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.

**2.9 Fixed assets**

All items of fixed assets are initially recorded at cost. Subsequent to recognition, leasehold improvement, computer equipment and furniture are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes replacing part of the fixed asset 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 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.

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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 amounts due from related parties, 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 payables 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, and are measured subsequently at amortised cost using the effective interest method.

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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**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.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a reduction of rental expense on a straight line basis over the term of the lease.

**2.15 Taxation**

The Partnership is not a tax paying entity for the years ended 31 December 2016 and 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 operated and generated 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) Current tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the end of the reporting period.

Current taxes are recognised in profit or loss except to the extent that tax relating to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

**(b) 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.

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For the year ended 31 December 2016**

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**2. Summary of significant accounting policies (cont'd)****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.
- (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 2016 and 2015 were as follows:

	<b>2016</b>	<b>2015</b>
	<b>GBP</b>	<b>GBP</b>
The average profit per member	<u>659,696</u>	<u>603,582</u>
Staff cost (excluding members' remuneration):		
- Salaries and wages	11,943,166	4,202,412
- Pension	429,404	213,707
- Social security costs	637,159	328,595
- Other benefits	1,016,292	87,043
	<u>14,026,021</u>	<u>4,831,757</u>
The average number of employees	45	23

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**Notes to the Financial Statements  
For the year ended 31 December 2016****5. Property and Equipment**

	<b>Computer Equipment and Furniture GBP</b>	<b>Leasehold Improvements GBP</b>	<b>Total GBP</b>
<b>Cost</b>			
At 31 December 2015	804,372	357,040	1,161,412
Additions	657,256	238,594	895,850
Foreign currency adjustment	37,849	-	37,849
At 31 December 2016	<u>1,499,477</u>	<u>595,634</u>	<u>2,095,111</u>

**Accumulated depreciation**

At 31 December 2015	188,704	43,734	232,438
Charge for the year	274,336	61,767	336,103
Foreign currency adjustment	12,980	-	12,980
At 31 December 2016	<u>476,020</u>	<u>105,501</u>	<u>581,521</u>

**Net carrying amount**

At 31 December 2015	<u>615,668</u>	<u>313,306</u>	<u>928,974</u>
At 31 December 2016	<u>1,023,457</u>	<u>490,133</u>	<u>1,513,590</u>

	<b>Computer Equipment and Furniture 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>

**Accumulated depreciation**

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>

**Net carrying amount**

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 year ended 31 December 2016 and 31 December 2015. 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 operated and generated taxable income. Japan profit taxes have been provided at the rate of 35.15% (2015: 38.34%) on the estimated assessable profits during the year.

**Squarepoint Capital LLP****Registration No: OC393269****Notes to the Financial Statements  
For the year ended 31 December 2016****6. Taxation (cont'd)**

	<b>2016 GBP</b>	<b>2015 GBP</b>
Current tax	66,526	388,606
Current tax assets not recognized in prior year	9,988	-
Deferred tax charge/(credit)	95,539	(64,140)
Deferred tax asset not recognized in prior year	(9,334)	(18,119)
	<u>162,719</u>	<u>306,347</u>

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

	<b>2016 GBP</b>	<b>2015 GBP</b>
Income before taxation	<u>5,850,401</u>	<u>9,978,493</u>
Tax at the applicable tax rate in Japan	2,056,416	3,825,754
Income derived from UK operations, not subjected to Japan tax	(1,972,303)	(3,498,251)
Non-deductible expenses	(21,690)	-
Deferred tax asset write-off	95,539	-
Deferred tax asset not recognized in prior year	(9,334)	(18,119)
Current tax assets not recognized in prior year	9,988	-
Other	4,103	(3,037)
Tax expense	<u>162,719</u>	<u>306,347</u>

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

	<b>2016 GBP</b>	<b>2015 GBP</b>
Current tax	-	388,606
Foreign currency adjustment	-	(10,298)
Income tax payable	<u>-</u>	<u>378,308</u>

	<b>2016 GBP</b>	<b>2015 GBP</b>
Deferred tax credit	-	64,140
Foreign currency adjustment	-	1,354
Deferred tax asset	<u>-</u>	<u>65,494</u>

The Partnership wrote-off deferred tax asset arising from temporary timing differences from certain expenses incurred by the Branch due to the closure of the Branch.

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For the year ended 31 December 2016****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 £10,602,057 (2015: £6,499,332) for the services provided to the Master Fund and Core Master Fund (collectively, "the Funds"). The Partnership earned sub-manager fees from Ops LLC amounting to £15,238,165 (2015: £11,938,364) for investment management services provided to the Funds.

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 2016 and 31 December 2015, receivables from related parties were as follows:

	2016 GBP	2015 GBP
<b>Receivables</b>		
Ops LLC	6,254,798	9,076,694
UK Holdco 1	1,915,114	1,227
Squarepoint UK Holdco 2 Limited	98,115	-
Squarepoint Operations Private Limited	30,528	13,239
Squarepoint Private Limited	-	5,662
Squarepoint Op Co GmbH	436	87
Squarepoint Operating Company	45	-
	<u>8,299,036</u>	<u>9,096,909</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 2016 and 31 December 2015 are as follows:

	2016 GBP	2015 GBP
Within one year	422,628	348,281
After one year but not more than five years	5,657,692	1,651,840
More than 5 years	4,737,906	124,906
	<u>10,818,226</u>	<u>2,125,027</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. Interest rate risk is minimal as the Partnership does not engage in investing or external financing activities. 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:

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For the year ended 31 December 2016**

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

***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 and due from related parties. Cash is placed with financial institutions with good credit rating. For these financial assets, the Partnership minimises credit risk by dealing with high credit rating counterparties.

The Partnership has no significant concentration of external 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 risk. At the end of the reporting period, there is no financial asset of the Partnership that is either past due 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 will monitor the USD exchange rates, however no active management of this risk is undertaken.

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. The Partnership projects operating expenses in advance for two quarters and receives an advance for these operating expenses from the Squarepoint Master Fund Limited via Ops LLC. Any shortfall in advance or expenses incurred on behalf of Squarepoint Core Master Fund Limited is reimbursed to the Partnership shortly after the respective quarter end.

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.

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**10. Capital management**

The Partnership manages its capital, comprised of the members' interests, to ensure that it will be able to continue as a going concern as well as sustaining the future development of the business. The Partnership is compliant with the capital requirements as set forth by the FCA.

**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 approval of the financial statements. The Partnership has determined that there are no material events that would require disclosure in the financial statements.