

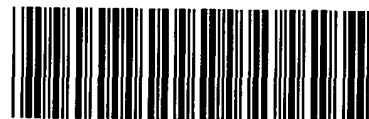
# **Marshall Wace LLP**

**Registered No: OC302228**

**Report and Financial statements**

For the year ended 28 February 2015

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COMPANIES HOUSE

**Members**

A P Clake  
D E Ford  
E Fragomeni  
H S Freye  
K A Hofmeyr  
E K Houston  
A P H Marber  
Marshall Wace Asset Management Limited  
P R C Marshall  
J E May  
C J Musgrave  
I G P Wace

**Auditors**

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

**Bankers**

Royal Bank of Scotland PLC  
City of London Office  
PO BOX 12258  
1 Princes Street  
London EC2R 8PA

**Solicitors**

Simmons & Simmons  
CityPoint  
1 Ropemaker Street  
London EC2Y 922

**Registered office**

13<sup>th</sup> Floor The Adelphi  
1-11 John Adam Street  
London WC2N 6HT

## Members' report

The members present their report and the audited financial statements for Marshall Wace LLP (the "MW LLP") for the year ended 28 February 2015.

### Principal activity and review of the business

The principal activity of MW LLP is to provide investment management services. There are no anticipated changes to the business conducted by MW LLP in the foreseeable future. MW LLP is authorised and regulated by the Financial Conduct Authority and the Securities and Exchange Commission.

### Results

Results for the year are shown in the profit and loss account on page 7. Profit available for division amongst members amounted to £203.2 million (2014 – £205.3 million). Members' other interest as at 28 February 2015 totalled £12.4 million (2014 – £12.4 million). Fee income amounted to £278.6 million (2014 – £259.4 million).

### Policies for members' drawings, subscriptions and repayments of members' capital

Policies for members' drawings, subscriptions and repayment of member's capital are governed by the LLP Partnership Agreement.

### Members

Members of MW LLP during the year and up to the date of this report were as follows:

A P Clarke  
D E Ford  
E Fragomeni  
H S Freye  
K A Hofmeyr  
E K Houston  
A P H Marber  
Marshall Wace Asset Management Limited (Managing Member)  
P R C Marshall  
J E May  
C J Musgrave  
I G P Wace

The designated members are D E Ford and J E May.

### Charitable contributions

During the year, MW LLP made charitable donations totalling £nil (2014 – £8,000) to a registered charitable trust set up exclusively for charitable purposes.

### Going concern

MW LLP has adequate financial resources and as a consequence, the members believe that MW LLP is well placed to manage its business risks successfully. The members have reviewed revenue forecasts and believe MW LLP has adequate financial resources to continue in operational existence for the foreseeable future and at least 12 months from the date of the report and financial statements. Accordingly, they continue to adopt the going concern basis in preparing the members' report and financial statements.

## Members' report (continued)

### Capital management

A five year profit forecast, prepared as part of the regulated firm's Internal Capital Adequacy Assessment Process (ICAAP), which is based upon conservative assumptions, indicates that the firm anticipates that it will be able to retain sufficient future profits to ensure that it is able to meet its regulatory capital requirement as well as its business needs. This forecast has been stress-tested and the members are confident that the business has sufficient resources to continue as a going concern.

### Key performance indicators

Given the straight forward nature of the business, the members are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

### Principal risks and uncertainties

The principal risks and uncertainties affecting MW LLP relate to the performance of the underlying funds it manages and the impact that poor performance has on the ability to attract and retain investors. Other risks and uncertainties relate to the ability to attract and retain key investment executives. MW LLP is not exposed to any significant price, credit, liquidity or cash flow risk.

### Pillar 3

In accordance with the rules of the Financial Conduct Authority (formerly the FSA), MW LLP has published information on its risk management objectives and policies on its regulatory capital requirements and resources. This information is available on MW LLP's website, [www.mwam.com](http://www.mwam.com), or upon application to the registered office. These disclosures are unaudited.

### UK stewardship code disclosures

The UK stewardship code disclosures of MW LLP as required by the FSA Prudential Sourcebook for Banks, Building Societies and Investment Firms (BIPRU) COBS 2.2.3 – Disclosure of commitments to the Financial Reporting Council's Stewardship Code, are available on MW LLP's website at [www.mwam.com](http://www.mwam.com), or upon application to the registered office. These disclosures are unaudited.

### Statement as to disclosure of information to auditors

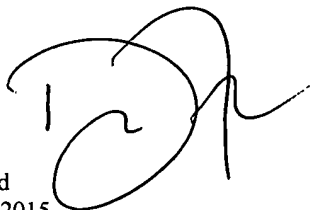
The designated members are not aware of any relevant audit information which has not been disclosed to the auditors of MW LLP. The designated members also confirm that they have taken all steps that they ought to have taken as members in order to make themselves aware of any relevant audit information and to establish that MW LLP's auditors are aware of this information.

### Re-appointment of auditors

A resolution to re-appoint Ernst & Young as auditors will be put to the members.

By order of the members

D E Ford  
19 May 2015



## Statement of designated members' responsibilities

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

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 made under the Limited Liability Partnership Act 2000 require the members to prepare financial statements for each financial year. Under that regulation the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under the regulation, 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 MW LLP and of the profit or loss of MW LLP for that period. In preparing these financial statements, the members are required to:

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

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

# **Independent auditors' report**

## **to the members of Marshall Wace LLP**

We have audited Marshall Wace LLP's financial statements for the year ended 28 February 2015 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Designated Members' Responsibilities set out on page 4, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 Marshall Wace LLP'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 report and 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 Marshall Wace LLP's affairs as at 28 February 2015 and of the profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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.

# Independent auditors' report

to the members of Marshall Wace LLP (continued)

## 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 report and 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



Jeremy Young (Senior statutory auditor)

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

London

22 June 2015

## Profit and loss account

for the year ended 28 February 2015

	Notes	2015 £	2014 £
<b>Turnover</b>			
Management fees		150,447,929	113,503,558
Performance fees		128,195,785	145,925,881
	2	278,643,714	259,429,439
Fee rebates and other fees payable		(81,427,114)	(54,280,660)
		197,216,600	205,148,779
<b>Expenses</b>			
Operating expenses		(827,043)	(61,578)
<b>Operating profit</b>	3	196,389,557	205,087,201
Foreign exchange loss		(793,163)	(1,218,401)
Interest receivable		330,845	153,077
Gain on disposal of fixed assets		2,875	-
Profit allocation from Marshall Wace North America, L.P.		9,979,231	4,741,353
<b>Profit on ordinary activities before tax</b>		205,909,345	208,763,230
Taxation	5	(2,692,846)	(3,485,606)
<b>Profit available for division amongst members</b>	10	203,216,499	205,277,624

All amounts are in respect of continuing activities.

There are no recognised gains or losses pertaining to the current or previous year other than those included in the profit and loss account above. Therefore, no separate statement of total recognised gains and losses has been presented.

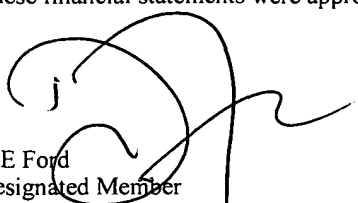
The accompanying notes are an integral part of these financial statements.

## Balance sheet

as at 28 February 2015

	Notes	2015 £	2014 £
<b>Fixed assets</b>			
Tangible fixed assets	7	-	12,996
		-	12,996
<b>Current assets</b>			
Debtors	8	28,955,413	20,986,286
Cash		33,220,962	28,398,794
		62,176,375	49,385,080
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	9	(49,758,714)	(36,984,915)
<b>Net current assets</b>		12,417,661	12,400,165
<b>Net assets attributable to members</b>		12,417,661	12,413,161
<b>Represented by:</b>			
<b>Equity</b>			
Other reserves classified as equity under FRS 25	10	6,403,660	6,403,660
Members' capital	10	21,311,000	21,306,500
Reorganisation reserve	10	(15,296,999)	(15,296,999)
		12,417,661	12,413,161
<b>Total members' interests</b>			
Amounts due from members	10	(2,495,075)	(3,485,606)
Amounts due to members	10	44,034,945	34,065,202
Members' other interests	10	12,417,661	12,413,161
		53,957,531	42,992,757

These financial statements were approved by the members and authorised for issue on 19 May 2015.

  
D E Ford  
Designated Member

The accompanying notes are an integral part of these financial statements.

## Notes to the financial statements

for the year ended 28 February 2015

### 1. Accounting policies

#### Basis of accounting

The financial statements have been prepared in accordance with UK accounting standards, under the historical cost convention and in accordance with the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' (SORP) issued in March 2010.

#### Cash flow statement

Marshall Wace LLP ("MW LLP") is a subsidiary of Marshall Wace Asset Management Limited ("MWAM") and both entities are included in the consolidated financial statements of MWAM UK Ltd, which are publicly available. Consequently MW LLP has taken advantage of the exemption from preparing a cash flow statement under the requirements of Financial Reporting Standard 1, 'Cash flow statements'.

#### Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows:

Motor vehicles                      -        4 years

Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

#### Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling on the date of the transaction. Differences arising from rate movements between the due date and the actual payment date are taken to the profit and loss account. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

#### Taxation

No provision has been made for UK taxation in the financial statements. Each member is exclusively liable for any tax liabilities arising out of their interest in MW LLP, which will be assessed on the individual members and not on MW LLP. The tax provisions solely relate to the US Federal and State tax charged on the profits allocated to MW LLP by Marshall Wace North America, L.P.

#### Rebates

Agreements have been entered into with certain investors whereby a proportion of management/performance fees are rebated. These rebates are calculated monthly and recognised on an accruals basis.

#### Turnover

Turnover which is stated net of value added tax represents fee income receivable for investment management services provided during the year and arising from continuing activities in the UK. Management fee income is recognised when the services are provided. Performance fees are recognised when the right to receive the income has been confirmed, which occurs at the end of the measurement period and may be annual or quarterly.

## Notes to the financial statements (continued)

for the year ended 28 February 2015

### 2. Turnover

Income is generated from a global client base with 92% (2014 – 96%) of income arising from clients outside of the UK. Turnover arose on the supply of services to the following geographical areas:

	2015 £	2014 £
United Kingdom	22,470,470	9,924,873
Rest of world	256,173,244	249,504,566
	<u>278,643,714</u>	<u>259,429,439</u>

### 3. Operating profit

This is stated after charging:

	2015 £	2014 £
Auditors' remuneration:		
-audit services	44,000	35,850
Depreciation	6,372	8,559
	<u>50,372</u>	<u>44,409</u>

### 4. Staff costs

	2015 £	2014 £
Wages and salaries	660,595	-
Social security costs	70,597	-
Other staff costs	21,167	-
	<u>752,359</u>	<u>-</u>

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

	2015 No.	2014 No.
Administration/compliance	3	-
Fund management	1	-
	<u>4</u>	<u>-</u>

## Notes to the financial statements (continued)

for the year ended 28 February 2015

### 5. Taxation

(a) Analysis of tax charge for the year

	2015 £	2014 £
Foreign tax – current year	3,041,635	3,485,606
Foreign tax – adjustment in respect of earlier years	(348,789)	-
	<u>2,692,846</u>	<u>3,485,606</u>

### 6. Members' remuneration

	2015 £	2014 £
Profit for the financial year before members' remuneration and profit share and available for division among members	203,216,499	205,277,624
Profit for the financial year available for discretionary division among members	<u>203,216,499</u>	<u>205,277,624</u>
Profit in respect of the highest paid member during the year	<u>71,454,046</u>	<u>71,661,818</u>

The average number of members during the year was 12 (2014 – 15).

## Notes to the financial statements (continued)

for the year ended 28 February 2015

### 7. Tangible fixed assets

	<i>Motor vehicles £</i>
<i>Cost:</i>	
At 1 March 2014	41,235
Disposals	(41,235)
At 28 February 2015	-
<i>Depreciation:</i>	
At 1 March 2014	28,239
Charge for the year	6,372
Disposals	(34,611)
At 28 February 2015	-
Net book value	
At 28 February 2015	-
At 28 February 2014	12,996

### 8. Debtors

	<i>2015 £</i>	<i>2014 £</i>
Amounts receivable from members	2,495,075	3,485,606
Amounts receivable from related undertakings	10,044,591	4,152,362
Other debtors	3,075	-
Accrued income	16,412,672	13,348,318
	<u>28,955,413</u>	<u>20,986,286</u>

Included in amounts receivable from related undertakings above, is an interest bearing loan due from Marshall Wace (GP1) Ltd of £nil (2014 - £59,955), repayable on demand (note 11).

### 9. Creditors: amounts falling due within one year

	<i>2015 £</i>	<i>2014 £</i>
Other creditors	-	53
Amounts payable to members	44,034,945	34,065,202
Amounts payable to related undertakings	3,346,612	607,190
Accruals	2,377,157	2,312,470
	<u>49,758,714</u>	<u>36,984,915</u>

## Notes to the financial statements (continued)

for the year ended 28 February 2015

### 10. Reconciliation of movements in members' other and members' total interests

	<i>Members' capital</i>	<i>Re-organisation reserve</i>	<i>Other reserves</i>	<i>Total members' other interests</i>	<i>Loans and other amounts due to/(from) members</i>	<i>Members' total interests</i>
	£	£	£	£	£	£
At 1 March 2014	21,306,500	(15,296,999)	6,403,660	12,413,161	30,579,596	42,992,757
Capital contributed	4,500	-	-	4,500	-	4,500
Profit available for division amongst members	-	-	203,216,499	203,216,499	-	203,216,499
Profits allocated to members during the year	-	-	(203,216,499)	(203,216,499)	203,216,499	-
Payments to members during the year	-	-	-	-	(167,552,605)	(167,552,605)
Other movements	-	-	-	-	(24,703,620)	(24,703,620)
Amounts due from members	-	-	-	-	(2,495,075)	-
Amounts due to members	-	-	-	-	44,034,945	-
At 28 February 2015	21,311,000	(15,296,999)	6,403,660	12,417,661	41,539,870	53,957,531

## Notes to the financial statements (continued)

for the year ended 28 February 2015

### 11. Related party transactions

During the year MW LLP made a profit allocation to Marshall Wace Asset Management Limited, a member and parent undertaking of MW LLP, of £71,454,046 (2014 – £71,661,818) in relation to expenses incurred by Marshall Wace Asset Management Limited for the provision of its services to MW LLP. At year end, there was a balance of £19,701,696 due to Marshall Wace Asset Management Limited (2014 – £31,562,102) which is included within amounts due to members.

During the year MW LLP paid sub-advisory fees to Marshall Wace North America, L.P. of £19,224,807 (2014 – £11,635,775) and sales agent fees of £4,988,543 (2014 – £4,353,714). MW LLP received a profit allocation of £9,979,231 (2013: £4,741,352) from Marshall Wace North America LP. At the balance sheet date, MW LLP was owed a net amount of £8,369,936 from Marshall Wace North America, L.P. (2014 - £3,011,429). The entities are related through sharing the same ultimate controlling party.

During the year MW LLP continued to provide a loan of £nil to Marshall Wace (GP1) Ltd which was repaid during the year (2014 – £59,955). The entities are related through sharing the same ultimate controlling party.

During the year MW LLP received sales agents fees from Marshall Wace Asia Ltd of £571,604 (2014 – £437,198). At year end there was no balance outstanding (2014 – £nil). The entities are related through sharing the same ultimate controlling party.

During the year MW LLP received sales agents fees from Marshall Wace Gavekal Asia Ltd of £nil (2014 – £153,463). At year end there was no balance outstanding (2014 – £nil). The entities were related through sharing the same ultimate controlling party.

During the year ended 29 February 2012 MW LLP entered into intercompany transactions in respect of the group restructure amounting to £1,144,617 with MWAM NA Ltd. At year end MW LLP was owed £107,564 (2014 – £122,542). The entities are related through sharing the same ultimate controlling party.

During the year ended 29 February 2012 MW LLP entered into intercompany transactions in respect of the group restructure amounting to £843,805 with MW Partners LP. At year end MW LLP was owed £1,002,309 (2014 – £843,705). The entities are related through sharing the same ultimate controlling party.

During the year MW LLP provided an interest bearing loan to Marshall Wace Holdings Ltd. The total amount of interest charged during the year, calculated at 3% p.a., was £312,065 (2014 – £98,804). At year end MW LLP owed £3,111,238 to Marshall Wace Holdings Ltd (2014 – £98,804 owed to MW LLP). The loans are repayable on demand. The entities are related through sharing the same ultimate controlling party.

During the year MW LLP paid sub-advisory fees to Eaglewood Europe LLP of £349,855 (2014 – £nil). In addition, Eaglewood Europe LLP seconded staff to MW LLP totalling £752,359 (2014 – £nil). At the balance sheet date, MW LLP owed a net amount of £102,086 to Eaglewood Europe LLP (2014 - £nil). The entities are related through sharing the same ultimate controlling party.

During the year MW LLP paid sub-advisory fees to MW Eaglewood Management Limited of £1,042,197 (2014 – £nil). In addition, MW LLP provided an interest bearing loan to MW Eaglewood Management Limited. The total amount of interest charged during the year, calculated at 3% p.a., was £29,526 (2014 – £nil). At year end MW LLP was owed £564,782 (2014 – £nil). The loans are repayable on demand. The entities are related through sharing the same ultimate controlling party.

During the year MW LLP paid sub-advisory fees to Eaglewood Capital Management LLC (US) of £1,290,888 (2014 – £nil). At the balance sheet date, MW LLP owed a net amount of £133,165 to Eaglewood Capital Management LLC (2014 - £nil). The entities are related through sharing the same ultimate controlling party.

## **Notes to the financial statements (continued)**

**for the year ended 28 February 2015**

### **11. Related party transactions (continued)**

At year end an amount of £123 (2014 - £123) was payable to Marshall Wace LLC. No further transactions have been conducted between MW LLP and Marshall Wace LLC. The entities are related through sharing the same ultimate controlling party.

### **12. Other financial commitments and contingencies**

MW LLP is guarantor in respect of the obligations of Marshall Wace Asset Management Limited for annual rent payable under the lease agreement for its registered office.

The MWAM lease expires on 24 March 2016 and total rental payments are £1,118,360 (2014 - £1,653,083).

### **13. Parent undertaking and ultimate controlling party**

Marshall Wace Asset Management Limited is the immediate parent undertaking of MW LLP. The intermediate parent is MWAM UK Ltd. The ultimate controlling party is MW Partners (GP) Limited, an entity incorporated in Hong Kong.