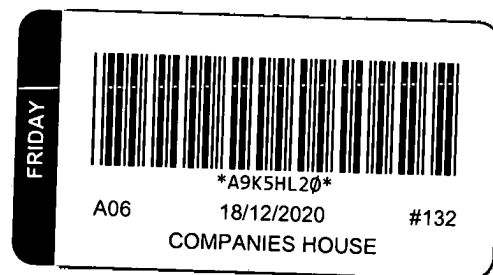


Marshall Wace LLP
Members' report and financial statements
For the year ended 29 February 2020



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Marshall Wace LLP

Information

Members

D J Anderson
J C Carter
A P Clake
J R Cotton
E Fragomeni
D E Ford
H S Freye
K A Hofmeyr
E K Houston
M J Howley
C J Kiernan
A P H Marber
J E May
Marshall Wace Asset Management Limited
P R C Marshall
C J Musgrave
D M Reynard
I G P Wace
I A Smillie
S C Waite
P M Zdziarski

LLP registered number OC302228

Registered office George House
131 Sloane Street
London
SW1X 9AT

Independent auditor Ernst & Young LLP
25 Churchill Place
London
E14 5EY

Bankers HSBC Bank UK PLC
8 Canada Square
London
E14 5HQ

Solicitors Simmons & Simmons
CityPoint
1 Ropemaker Street
London
EC2Y 9SS

Marshall Wace LLP

Members' report For the year ended 29 February 2020

The members present their annual report together with the audited financial statements of Marshall Wace LLP ("MW LLP") for the year ended 29 February 2020.

Principal activities and review of the business

The principal activity of MW LLP is to provide investment management services. MW LLP is authorised and regulated by the Financial Conduct Authority ("FCA").

There have been no changes to the principle activity since the last annual report and no changes are anticipated in the foreseeable future.

Policies for member's drawings, subscriptions and repayments of members' capital

Policies for members' drawings, subscriptions and repayment of members' capital are governed by the Partnership Agreement dated 4 September 2015.

Results

Results for the year are shown in the statement of comprehensive income on page 9. Turnover for the year amounted to £569,570k (2019: £803,456k) which resulted in a profit for the year available for division amongst members of £115,549k (2019: £257,601k). Members' other interests at year end amounted to £117,070k (2019: £267,727k).

Members

The members of MW LLP during the year end up to the date of this report were:

D J Anderson
J C Carter
A P Clake
J R Cotton
D E Ford
E Fragomeni
H S Freye
K A Hofmeyr
E K Houston
M J Howley
C J Kiernan
A P H Marber
Marshall Wace Asset Management Limited
P R C Marshall
J E May
C J Musgrave
D M Reynard
I G P Wace
I A Smillie (appointed 10 December 2019)
S C Waite (appointed 10 December 2019)
P M Zdziarski (appointed 10 December 2019)

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

Members' report (continued)
For the year ended 29 February 2020

Going concern

In March 2020, as a result of COVID-19, the partnership activated its business continuity plans. Key measures taken include restriction on all business travel, replacement of in-person meetings to phone or video conferencing, and requirements for staff to work remotely.

The members believe the partnership is well placed to manage its business risks successfully. Impacts in the long term are less certain and dependent on local and global reactions and recovery times, which are not yet known. In performing their assessment, it was determined that the partnership is sufficiently capitalised and has sufficient liquidity and financial resources (cash reserves) to support and sustain operations for at least the next 12 months from the date of issue of these financial statements and that the preparation of the financial statements on a going concern basis remains appropriate as the partnership expects to be able to meet its obligations as and when they fall due for the foreseeable future.

Information, in respect of how the partnership is being impacted and its response to the pandemic, is provided on page 13 (Note 2.3) and Page 21 (Note 18) of the financial statements.

Other than the matters discussed in Note 2.3 and Note 18, there have been no other material events between 29 February 2020 and the date of this report that require disclosure in the financial statements of the Partnership.

Capital management

A five year profit forecast, prepared as part of MW LLP's Internal Capital Adequacy Assessment Process (ICAAP), has been updated to take into account the potential impacts of COVID 19. This has been based upon conservative assumptions and 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. The 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 may have 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.

The United Kingdom officially left the European Union (E.U.) on 31 January 2020 (referred to as Brexit), and it is currently undergoing a transition period. This creates uncertainty surrounding our business, including affecting our relationships with our existing and future counterparties. The Partnership is continuously monitoring the impact of Brexit and it has implemented the relevant structure in place to address the regulatory and economic impact.

Since March 2020, COVID-19 has impacted many local economies around the globe, and it poses significant price, credit, liquidity and cash flow risks to markets and businesses worldwide. The Partnership is financially robust and has risk management tools and processes to allow it to address market volatility when it arises in a controlled way.

Members' report (continued)
For the year ended 29 February 2020

Pillar 3

In accordance with the rules of the FCA, 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, 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 FCA 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, or upon application to the registered office. These disclosures are unaudited.

Statement as to disclosure of information to auditor

The designated members are not aware of any relevant audit information which has not been disclosed to the auditor 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 auditor is aware of this information.

Auditor

The auditor, Ernst & Young LLP, have indicated their willingness to continue in office. The members will propose a motion re-appointing the auditor at a meeting of the members.

This report was approved by the members on 26th May 2020 and signed on their behalf by:



D E Ford
Designated member

**Members' responsibilities statement
For the year ended 29 February 2020**

The members are responsible for preparing 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 requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law, as applied to LLPs, 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 judgments 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 the entity will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the entity's transactions and disclose with reasonable accuracy at any time the financial position of the MW LLP and enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of the 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 auditor's report to the members of Marshall Wace LLP

Opinion

We have audited the financial statements of Marshall Wace LLP (the 'limited liability partnership') for the year ended 29 February 2020 which comprise statement of comprehensive income, statement of financial position, reconciliation of movements in members' interest and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 29 February 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Effects of COVID-19

We draw attention to Note 2.3 and Note 18 of the financial statements, which describes the economic consequences the limited liability partnership is facing as a result of COVID-19 which is impacting financial markets. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the limited liability partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditor's report to the members of Marshall Wace LLP (continued)

Other information

The other information comprises the information included in the Members' report set out on pages 2 to 4, other than the financial statements and our auditor's report thereon. The members are responsible for the other information.

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of members

As explained more fully in the Members' Responsibilities Statement set out on page 5, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

This description forms part of our auditor's report.

Marshall Wace LLP

Independent auditor's report to the members of Marshall Wace LLP (continued)

Use of our report

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



James Beszant (Senior statutory auditor)
for and on behalf of Ernst & Young LLP (Statutory Auditor)
London

Date **27 May 2020**

Marshall Wace LLP

Statement of comprehensive income
For the year ended 29 February 2020

| | Note | 2020 £000 | 2019 £000 |
|--|------|----------------|----------------|
| Turnover | 4 | 569,570 | 803,456 |
| Fee rebates and other fees payable | | (387,598) | (551,462) |
| Gross profit | | 181,972 | 251,994 |
| Administrative expenses | | (86,442) | (76,699) |
| Operating profit | 5 | 95,530 | 175,295 |
| Profit allocation from Marshall Wace North America L.P. | | 21,118 | 99,725 |
| Foreign exchange gains/(losses) | | 5,014 | 5,685 |
| Interest receivable and similar income | 7 | 897 | 621 |
| Net unrealised fair value movements on investments | | 886 | 65 |
| Realised gains/(losses) on investments | | 308 | (7) |
| Profit before tax | | 123,753 | 281,384 |
| Tax on profit | 8 | (8,204) | (23,783) |
| Profit for the year before members' remuneration and profit shares available for discretionary division among members | | 115,549 | 257,601 |

There was no other comprehensive income for 2020 (2019: £nil).

All amounts are in respect of continuing activities.

The notes on pages 13 to 21 form part of these financial statements.

Statement of financial position
As at 29 February 2020

| | Note | 2020 £000 | 2019 £000 |
|--|------|----------------|----------------|
| Current assets | | | |
| Debtors: amounts falling due within one year | 10 | 148,152 | 288,230 |
| Cash at bank and in hand | 11 | 65,417 | 25,667 |
| | | 213,569 | 313,897 |
| Creditors: amounts falling due within one year | 12 | (32,671) | (18,766) |
| Net assets attributable to members | | <u>180,898</u> | <u>295,131</u> |
| Represented by: | | | |
| Loans and other debts due to members within one year | 13 | 63,828 | 27,404 |
| Members' other interests | | | |
| Members' capital classified as equity | | 21,320 | 21,317 |
| Reorganisation reserve | | (15,297) | (15,297) |
| Other reserves classified as equity | | 111,047 | 261,707 |
| Total members' other interests | | <u>117,070</u> | <u>267,727</u> |
| | | <u>180,898</u> | <u>295,131</u> |
| Total members' interests | | | |
| Amounts due from members (included in debtors) | 10 | (74,032) | (201,770) |
| Loans and other debts due to members | 13 | 63,828 | 27,404 |
| Members' other interests | | 117,070 | 267,727 |
| | | <u>106,866</u> | <u>93,361</u> |

The financial statements were approved and authorised for issue by the members on 26th May 2020 and were signed on their behalf by:



D E Ford
Designated member

The notes on pages 13 to 21 form part of these financial statements.

Marshall Wace LLP

**Reconciliation of movements in members' interests
For the year ended 29 February 2020**

| | Members' capital classified as equity £000 | Reorganisation reserve £000 | Other reserves classified as equity £000 | Total members' other interests £000 | Loans and other debts due to members less amounts due from members in debtors £000 | Total members' interests £000 |
|--|---|--------------------------------|---|--|---|----------------------------------|
| At 1 March 2019 | 21,317 | (15,297) | 261,707 | 267,727 | (174,366) | 93,361 |
| Profit for the year available for discretionary division among members | | | 115,549 | 115,549 | | 115,549 |
| Members' interests after profit for the year | 21,317 | (15,297) | 377,256 | 383,276 | (174,366) | 208,910 |
| Profit allocated to members during the year | - | - | (266,209) | (266,209) | 266,209 | - |
| Capital introduced by members | 3 | - | - | 3 | - | 3 |
| Payments to members during the year | - | - | - | - | (131,731) | (131,731) |
| Other transactions with members during the year | - | - | - | - | 29,684 | 29,684 |
| At 29 February 2020 | 21,320 | (15,297) | 111,047 | 117,070 | (10,204) | 106,866 |
| Amounts due to members | | | | | 63,828 | |
| Amounts due from members | | | | | (74,032) | |
| | | | | | <u>(10,204)</u> | |

The notes on pages 13 to 21 form part of these financial statements.

Marshall Wace LLP

Reconciliation of movements in members' interests (continued)
For the year ended 29 February 2020

| | Members' capital classified as equity £000 | Reorganisation reserve £000 | Other reserves classified as equity £000 | Total members' other interests £000 | Loans and other debts due to members less amounts due from members in debtors £000 | Total members' interests £000 |
|--|---|--------------------------------|---|--|---|----------------------------------|
| At 1 March 2018 | 21,315 | (15,297) | 275,627 | 281,645 | (191,789) | 89,856 |
| Profit for the year available for discretionary division among members | - | - | 257,601 | 257,601 | - | 257,601 |
| Members' interests after profit for the year | 21,315 | (15,297) | 533,228 | 539,246 | (191,789) | 347,457 |
| Profit allocated to members during the year | - | - | (271,521) | (271,521) | 271,521 | - |
| Capital introduced by members | 2 | - | - | 2 | - | 2 |
| Payments to members during the year | - | - | - | - | (246,986) | (246,986) |
| Other transactions with members during the year | - | - | - | - | (7,112) | (7,112) |
| At 28 February 2019 | 21,317 | (15,297) | 261,707 | 267,727 | (174,366) | 93,361 |
| Amounts due to members | | | | | 27,404 | |
| Amounts due from members | | | | | (201,770) | |
| | | | | | <u>(174,366)</u> | |

The notes on pages 13 to 21 form part of these financial statements.

Notes to the financial statements (continued)
For the year ended 29 February 2020

1. General information

MW LLP is a limited liability partnership incorporated and domiciled in the United Kingdom and regulated by the FCA. The address of the registered office and principal place of business is George House, 131 Sloane Street, London, SW1X 9AT.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" issued in January 2018.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the entity's accounting policies (see note 3).

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The MW LLP has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102:

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29.

This information is included in the consolidated financial statements of Marshall Wace Asset Management Limited as at 29 February 2020 and these financial statements may be obtained from the registered office.

2.3 Going concern

On January 30, 2020, the World Health Organization declared the outbreak of coronavirus ("COVID-19") to be a public health emergency of international concern. This coronavirus outbreak has severely restricted the level of economic activity around the world. In response to this coronavirus outbreak, the governments of many countries, states, cities and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes.

The full extent to which the COVID-19 pandemic may impact the partnership's results, operations or liquidity is uncertain. Management continues to monitor the impact that the COVID-19 pandemic is having on the partnership, the asset management industry and the economies in which the partnership operates. Management has performed a COVID -19 impact analysis as part of their going concern and capital adequacy assessment using information available to the date of issue of these financial statements. The analysis has modelled a significantly adverse scenario to assess the potential impact that COVID-19 may have on the partnership's operations, liquidity, solvency and regulatory capital position as well as a stress test to assess the stresses the balance sheet can endure before there is a breach of the relevant regulatory capital requirement, including an assessment of any relevant mitigations management have within their control to implement. The Partnership relies on analysis prepared at the MW Group LP and its subsidiaries (together "the Group") level as liquidity and capital resource decisions are managed at the Group level. The Group will financially support the Partnership if this were to be needed.

Notes to the financial statements (continued)
For the year ended 29 February 2020

2. Accounting policies (continued)**2.3 Going concern (continued)**

The partnership's long-standing track record including its competitive performance during this pandemic, its strength in risk management, its robust operations and processes, and the resilience and professionalism of its staff continues to instil confidence in existing and prospective investors.

It is not possible to quantify the overall impact of COVID-19 as financial markets continue to react to developments. Management have a number of actions that they are able to take, should they need to, to protect profitability and solvency. The level of AUM from February to date of signing is stable.

Having performed the impact analysis, management believes regulatory capital requirements continue to be met and the partnership will have sufficient liquidity to meet its liabilities for at least the next 12 months. The preparation of the financial statements on a going concern basis remains appropriate as the partnership expects to be able to meet its obligations as and when they fall due for the foreseeable future.

2.4 Foreign currency translation**Functional and presentation currency**

MW LLP's functional and presentational currency is Pound sterling ("£") which is the currency of the primary economic environment in which MW LLP operates. Unless otherwise stated, all numbers are disclosed to the nearest £1,000.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to MW LLP and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Management fees are recognised when the respective services are performed. Performance fees are recognised once the right to the income has been confirmed by the fund administrators.

Other income includes amounts paid by funds and managed accounts for research costs incurred in the delivery of investment management services. These amounts are recognised when they become due and payable.

Notes to the financial statements (continued)
For the year ended 29 February 2020

2. Accounting policies (continued)**2.6 Fee rebates and other fees payable**

Agreements have been entered into with certain investors whereby a proportion of management/performance fees are rebated. MW LLP also has sub-advisory agreements with other group companies. These rebates and sub-advisory expenses are calculated monthly and recognised on an accruals basis.

2.7 Expenses

Expenses are charged to the statement of comprehensive income on an accruals basis in the period in which they are consumed by the LLP.

2.8 Interest income and similar income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.9 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.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.10 Financial instruments

MW LLP has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

The basis for recognition and measurement of financial instruments is as set out in these accounting policies.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Notes to the financial statements (continued)
For the year ended 29 February 2020

2. Accounting policies (continued)**2.10 Financial instruments (continued)**

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash at banks and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Members' capital

Members' capital is classified as equity in accordance with the Partnership Agreement dated 4 September 2015. It is not automatically repayable on retirement and is not interest bearing.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

None of the judgments or estimates made are significant to the amounts included in the financial statements.

4. Turnover

An analysis of turnover by class of business is as follows:

| | 2020 £000 | 2019 £000 |
|----------------------------------|----------------|----------------|
| Management fees and other income | 496,401 | 473,989 |
| Performance fees | 73,169 | 329,467 |
| | <u>569,570</u> | <u>803,456</u> |

Marshall Wace LLP

Notes to the financial statements (continued)
For the year ended 29 February 2020

4. Turnover (continued)

Analysis of turnover by country of origin:

| | 2020 £000 | 2019 £000 |
|---------------|----------------|----------------|
| Ireland | 402,330 | 623,751 |
| Rest of World | 167,240 | 179,705 |
| | <u>569,570</u> | <u>803,456</u> |

5. Operating profit

The operating profit is stated after charging:

| | 2020 £0 | 2019 £0 |
|---|------------|------------|
| Amounts payable to the MW LLP's auditors for: | | |
| - The audit of these financial statements | 38 | 37 |
| - Audit related assurance services | 6 | 6 |
| | <u>42</u> | <u>41</u> |

The audit fee was paid by Marshall Wace Asset Management Limited, MW LLP's parent entity.

6. Employees

MW LLP does not have any employees for the current or prior year. All support services including headcount is provided by MW LLP's parent, Marshall Wace Asset Management Limited. MW LLP is charged for these services as disclosed in note 16.

7. Interest receivable and similar income

| | 2020 £000 | 2019 £000 |
|---------------------------|--------------|--------------|
| Other interest receivable | <u>897</u> | <u>621</u> |

8. Taxation

| | 2020 £000 | 2019 £000 |
|---|--------------|---------------|
| Foreign tax | | |
| Foreign tax on income for the year | 2,031 | 25,365 |
| Foreign tax in respect of prior periods | (1) | (203) |
| Total current tax | <u>2,030</u> | <u>25,162</u> |

Notes to the financial statements (continued)
For the year ended 29 February 2020

8. Taxation (continued)

Deferred tax

| | | |
|--|-----------|--------------|
| Origination and reversal of timing differences | 5,431 | (1,456) |
| Adjustments in respect of previous periods | 256 | 331 |
| Effect of changes in tax rates | 732 | (195) |
| Foreign exchange | (245) | (59) |
| Total deferred tax | 14 | 6,174 |

| | | |
|------------------|--------------|---------------|
| Total tax | 8,204 | 23,783 |
|------------------|--------------|---------------|

9. Information in relation to members

| | 2020 Number | 2019 Number |
|--|----------------|----------------|
| Average number of members during the year | 20 | 17 |
| | £000 | £000 |
| Profit attributable to the member with the largest entitlement | 79,598 | 114,562 |

Profits are formerly allocated to members after the completion of the fiscal year audit. As a result, there is a 12 month timing lag between the disclosure of the profit attributable to the member with the largest entitlement and the fiscal year in which those profits were earned. The profit attributable to the member with the largest entitlement of £79,598k in relation to profits earned in the prior fiscal year (2019: £114,652k is in relation to profits earned in the year before that i.e. the 2018 fiscal year).

10. Debtors

| | 2020 £000 | 2019 £000 |
|------------------------------------|----------------|----------------|
| Amounts owed by group undertakings | 31,300 | 46,736 |
| Other debtors | 2,184 | 245 |
| Prepayments and accrued income | 37,394 | 32,965 |
| Receivable from funds | 3,242 | 340 |
| Deferred tax asset | 14 | 6,174 |
| Amounts due from members | 74,032 | 201,770 |
| | 148,152 | 288,230 |

Marshall Wace LLP

Notes to the financial statements (continued)
For the year ended 29 February 2020

11. Cash and cash equivalents

| | 2020 £000 | 2019 £000 |
|-------------------------------|---------------|---------------|
| Cash at bank and in hand | 55,550 | 16,339 |
| Research payment account | 9,867 | 9,328 |
| Net cash and cash equivalents | <u>65,417</u> | <u>25,667</u> |

12. Creditors: amounts falling due within one year

| | 2020 £000 | 2019 £000 |
|------------------------------------|---------------|---------------|
| Accruals and deferred income | 14,087 | 14,458 |
| Amounts owed to group undertakings | 14,392 | 4,109 |
| Other creditors | 4,192 | 199 |
| | <u>32,671</u> | <u>18,766</u> |

13. Loans and other debts due to members

| | 2020 £000 | 2019 £000 |
|------------------------|---------------|---------------|
| Amounts due to members | <u>63,828</u> | <u>27,404</u> |

14. Deferred taxation

| | 2020 £ | 2019 £ |
|--|-----------|--------------|
| At beginning of the year | 6,174 | 4,795 |
| Charged to the statement of comprehensive income | 8 (6,174) | 1,379 |
| At end of the year | <u>-</u> | <u>6,174</u> |

The deferred tax asset/(liability) is made up as follows:

| | 2020 £ | 2019 £ |
|---|-----------|--------------|
| Unrealised gain on investments | - | (930) |
| Unpaid remuneration adjustments | - | 4,490 |
| Reserves – Unrealised gain on fund investments and other provisions | - | 152 |
| Owned fixed assets realised through use | - | (261) |
| Income taxed in advance of receipt | - | 2,723 |
| | <u>-</u> | <u>6,174</u> |

Notes to the financial statements (continued)
For the year ended 29 February 2020

15. 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 the registered office. The lease expires on 24 December 2030 with an option to break on 24 December 2026. Future obligated rental payments amount to £31,183k (2019: £35,759k).

16. Related party transactions

During the year, MW LLP was charged £168,774k (2019: £208,981k) by Marshall Wace Asset Management Limited (MWAM), a member and parent undertaking of MW LLP, for services provided by MWAM. In addition, MW LLP paid sub advisory fees to MWAM of 28,248k (2019: £40,283k). At year end there was a balance of £52,922k (2019: £23,239k) due to MWAM which is included within amounts due to members.

During the year, MW LLP paid sub advisory and support fees to Marshall Wace North America, L.P. totalling £105,344k (2019: £184,838k) and sales agent fees of £7,080k (2019: £7,477k). MW LLP received a profit allocation of £21,118k (2019: £99,725k) from Marshall Wace North America, L.P. At year end there was a balance of £2,624k due to (2019: £18,543k due from) Marshall Wace North America, L.P. The entities are related through sharing the same ultimate controlling party.

During the year, MW LLP paid support fees to MW Group LP totalling £1,168k (2019: £1,621k) At year end there was a balance of £10,649k (2019: £1,621k) due to MW Group LP. MW Group LP is MW LLP's ultimate parent.

During the year, MW LLP received sales agent fees from Marshall Wace Asia Limited of £2,095k (2019: £1,977k). In addition, MW LLP paid sub-advisory fees and support service fees to Marshall Wace Asia Limited totalling £45,889k (2019: £112,864k). At year end there was a balance of £983k (2019: £2,488k) due to Marshall Wace Asia Limited. The entities are related through sharing the same ultimate controlling party.

During the year, MW LLP provided sub-advisory and support services totalling £14,308k (2019: £51,565k) to Marshall Wace (GP1) Limited. At year end there was a net balance of £43k (2019: £nil) due from Marshall Wace (GP1) Limited. The entities are related through sharing the same ultimate controlling party.

During the year, MW LLP was charged £672k (2019: £125k) by Marshall Wace Asset Management (Ireland) Limited for services provided in its capacity as a management company for Irish UCITS funds and as an alternative investment fund manager of an Irish QIAIF. At year end there was a balance of £135k (2019: £91k) due to MW LLP in respect of advance payments to cover future month expenses which is included in debtors. The entities are related through sharing the same ultimate controlling party.

During the year, MW LLP received a net amount of £1,193k (2019: £1,078k) of gains from MW Ltd for investments held under the bonus deferral plan. MW LLP also provided funding to MW Ltd of £Nil (2019: £13,986k). At year end there was a balance of £31,257k (2019: £28,101k) due from MW Ltd which is included in debtors. The balance is interest free and has no fixed repayment date. The entities are related through sharing the same ultimate controlling party.

All transactions between group entities listed above are conducted at market rates on an arm's length basis.

Notes to the financial statements (continued)
For the year ended 29 February 2020

17. Parent undertaking and ultimate controlling party

MWAM is the immediate parent undertaking of MW LLP and is the smallest group for which consolidated financial statements are publicly available. The ultimate parent entity is MW Group LP, a limited partnership registered and domiciled in the Cayman Islands.

18. Subsequent events

COVID-19 is considered to be a non-adjusting post balance sheet event and as such no adjustments have been made to the valuation of assets and liabilities as at 29 February 2020. For further discussion concerning the Partners' assessment of the impact of COVID-19 on the Partnership refer to page 3 of the Members' Report and page 13 Note 2.3 of the financial statements.