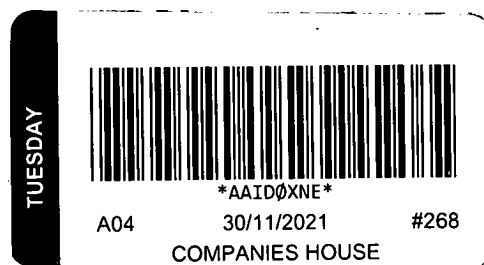


Registered number: OC302228

Marshall Wace LLP

Members' Report and financial statements

For the year ended 28 February 2021



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Company Information

| | |
|----------------------------|--|
| Members | D J Anderson E C Appleford 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 A Smillie I G P Wace S C Waite P M Zdziarski |
| 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 HSBC Bank UK PLC |
| Solicitors | Simmons & Simmons CityPoint 1 Ropemaker Street London EC2Y 9SS |

Members' report**For the year ended 28 February 2021**

The members present their annual report together with the audited financial statements of Marshall Wace LLP ("MW LLP") for the year ended 28 February 2021.

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 £957,969k (2020: £569,570k) which resulted in a profit for the year available for division amongst members of £315,960k (2020: £115,549k). Members' other interests at year end amounted to £308,712k (2020: £117,070k).

Members

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

| | |
|--|-----------------------------|
| D J Anderson | |
| E C Appleford | (appointed 1 December 2020) |
| 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 A Smillie | |
| I G P Wace | |
| S C Waite | |
| P M Zdziarski | |

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

Members' report (continued)
For the year ended 28 February 2021**Going concern**

The Partnership continued to operate resiliently during the COVID-19 pandemic. Under its business continuity plan, key measures taken included 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. There has been no material impact to the Partnership's revenues and liquidity since the onset of the COVID-19 pandemic. Further, the long term impact is not expected to be significant. Investor demand remained robust during the pandemic. Economic activity is anticipated to return to normality within the next 12 months. In performing their assessment, the members determined that the Partnership is sufficiently capitalised, regulatory capital requirements continue to be met, and there are sufficient liquidity and financial resources (cash reserves) to support and sustain operations for the next 12 months from the date of issue of these financial statements. 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 - 14 (Note 2.3) of the financial statements.

Other than the matters discussed in Note 2.3, there have been no other material events between 28 February 2021 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 the firm anticipates it will be able to retain sufficient future profits to ensure 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 of a no deal scenario.

COVID-19 has continued to impact many local economies around the globe, and 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 28 February 2021

Streamlined Energy Carbon Reporting

The Partnership's energy and carbon reporting obligations are included at the Group level within the consolidated financial statements of Marshall Wace Asset Management Ltd as at 28 February 2021. These financial statements may be obtained from the registered office.

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.

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 reappointing the auditor at a meeting of the members.

This report was approved by the members on 25th May 2021 and signed on their behalf by:



D E Ford
Designated member

**Members' responsibilities statement
For the year ended 28 February 2021**

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 shareholders of Marshall Wace LLP**Opinion**

We have audited the financial statements of Marshall Wace LLP (the 'limited liability partnership') for the year ended 28 February 2021 which comprise statement of comprehensive income, statement of financial position, reconciliation of movements in members' interests and the related notes 1 to 17, 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 28 February 2021 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the limited liability partnership's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

Other information

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

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

Independent auditor's report to the shareholders of Marshall Wace LLP

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of members

As explained more fully in the 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.

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

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

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

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the limited liability partnership and determined that the most significant are those that relate to the requirements of the Companies Act and certain regulations of the Financial Conduct Authority that may have an effect on the determination of the amounts and disclosures in the financial statements.
- We understood how the limited liability partnership is complying with those frameworks by making enquiries of management. We corroborated our understanding through our review of board meeting minutes and correspondence received from regulatory bodies.
- We assessed the susceptibility of the limited liability partnership's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We considered the controls that the Partnership has established to address risks identified, or that otherwise prevent, deter and detect fraud, including in a remote-working environment; and how management monitors these controls.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business and enquiries of management.

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

This description forms part of our auditor's report.

Use of our report

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



James Beszant (Senior statutory auditor)
for and on behalf of Ernst & Young LLP (Statutory Auditor)
London
Date **27 MAY 2021**

Marshall Wace LLP

**Statement of comprehensive income
For the year ended 28 February 2021**

| | Note | 2021 £000 | 2020 £000 |
|---|------|-----------------------|-----------------------|
| Turnover | 4 | 957,969 | 569,570 |
| Fee rebates and other fees payable | | <u>(542,661)</u> | <u>(387,598)</u> |
| Gross profit | | 415,308 | 181,972 |
| Administrative expenses | | <u>(112,201)</u> | <u>(86,442)</u> |
| Operating profit | 5 | 303,107 | 95,530 |
| Profit allocation from Marshall Wace North America L.P | | 15,000 | 21,118 |
| Foreign exchange gains/(losses) | | (1,320) | 5,014 |
| Interest receivable and similar income | 7 | 221 | 897 |
| Net unrealised fair value movements on investments | | 4,503 | 886 |
| Realised (losses)/gains on investments | | 639 | 308 |
| Profit before taxation | | <u>322,150</u> | <u>123,753</u> |
| Taxation | 8 | <u>(6,190)</u> | <u>(8,204)</u> |
| Profit for the year before members' remuneration and profit shares available for discretionary division amount members | | <u><u>315,960</u></u> | <u><u>115,549</u></u> |

All amounts are in respect of continuing activities.

There was no other comprehensive income for 2021 (2020: nil)

The notes on pages 13 to 22 form part of these financial statements.

Statement of financial position
As at 28 February 2021

| | Note | 2021 £000 | 2020 £000 |
|--|------|----------------|----------------|
| Current assets | | | |
| Debtors: amounts falling due within one year | 10 | 426,051 | 148,152 |
| Cash at bank and in hand | 11 | 44,464 | 65,417 |
| | | <u>470,515</u> | <u>213,569</u> |
| Creditors: amounts falling due within one year | 12 | (66,071) | (32,671) |
| Net assets attributable to members | | <u>404,444</u> | <u>180,898</u> |
| Represented by: | | | |
| Loans and other debts due to members within one year | 13 | 95,732 | 63,828 |
| Members' other interests | | | |
| Members' capital classed as equity | | 21,321 | 21,320 |
| Reorganisation reserve | | (15,297) | (15,297) |
| Other reserves classified as equity | | 302,688 | 111,047 |
| | | <u>308,712</u> | <u>117,070</u> |
| | | <u>404,444</u> | <u>180,898</u> |
| Total members' other interests | | | |
| Amounts due from members (included in debtors) | 10 | (307,224) | (74,032) |
| Loans and other debts due to members | 13 | 95,732 | 63,828 |
| Members' other interests | | <u>308,712</u> | <u>117,070</u> |
| | | <u>97,220</u> | <u>106,866</u> |

The financial statements were approved and authorised for issue by the board on 25th May 2021 and were signed on its behalf by:



D E Ford
Designated member

The notes on pages 13 to 22 form part of these financial statements.

Marshall Wace LLP

**Reconciliation of movements in members' interests
For the year ended 28 February 2021**

| | Members' capital classified as equity £000 | Reorganisation reserve £000 | Other reserves classified as equity £000 | Total members' other interests £000 | other debts due to members less amounts due from members in debtors £000 | Total members interests £000 |
|--|---|-----------------------------------|---|---|--|---------------------------------------|
| At 1 March 2020 | 21,320 | (15,297) | 111,047 | 117,070 | (10,204) | 106,866 |
| Profit for the year available for discretionary division amount members | | | 315,960 | 315,960 | | 315,960 |
| Members' interests after profit for the year | 21,320 | (15,297) | 427,007 | 433,030 | (10,204) | 422,826 |
| Profit allocated to members during the year | | | (124,319) | (124,319) | 124,319 | — |
| Capital introduced by members | 1 | | | 1 | | 1 |
| Payments to members during the year | | | | — | (337,835) | (337,835) |
| Other transactions with members during the year | | | | — | 12,228 | 12,228 |
| At 28 February 2021 | 21,321 | (15,297) | 302,688 | 308,712 | (211,492) | 97,220 |
| Amounts due to members | | | | | 95,732 | |
| Amounts due from members | | | | | (307,224) | |
| | | | | | <u>(211,492)</u> | |

The notes on pages 13 to 22 form part of these financial statements.

Marshall Wace LLP

Reconciliation of movements in members' interests (continued)
For the year ended 28 February 2021

| | 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 amount 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 22 form part of these financial statements.

Notes to the financial statements
For the year ended 28 February 2021

1. General information

Marshall Wace LLP is a limited liability company 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 28 February 2021 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. The pandemic has severely restricted the level of economic activity around the world. In response authorities have taken preventative or protective actions.

The Partnership has demonstrated a high level of resilience in infrastructure and operations during the pandemic. Revenue has also been very strong due to continuing investor demand. The impact of the pandemic on the Partnership's results, operations and liquidity is not expected to be significant. 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 modelled adverse scenarios to assess the potential impact that COVID-19 may have on the Partnership's operations, liquidity, solvency and the regulatory capital position.

Notes to the financial statements (continued)
For the year ended 28 February 2021

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

The Partnership relies on analysis prepared at the group level as liquidity and capital resource decisions are managed at that level.

The Partnership has not been significantly impacted by COVID-19, as evidenced by the strong financial results and growing AUM during the year. Management have a number of remedial steps they are able to take, should they need to protect profitability and solvency in the event of a resurgence of COVID-19. Consistent with the trend over the financial year, the level of AUM shows a consistent increase from February to the date of signing.

Having performed the impact analysis, management believes the Partnership continues to have sufficient liquidity to meet liabilities for 12 months from the date of signing. 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.

Notes to the financial statements (continued)
For the year ended 28 February 2021

2. Accounting policies (continued)**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.

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.

Notes to the financial statements (continued)
For the year ended 28 February 2021

2. Accounting policies (continued)**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.

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 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.

Notes to the financial statements (continued)
For the year ended 28 February 2021

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:

| | 2021 | 2020 |
|----------------------------------|----------------|----------------|
| | £000 | £000 |
| Management fees and other income | 513,952 | 496,401 |
| Performance fees | 444,017 | 73,169 |
| | <u>957,969</u> | <u>569,570</u> |

Analysis of turnover by country of origin:

| | 2021 | 2020 |
|-------------------|----------------|----------------|
| | £000 | £000 |
| Ireland | 762,348 | 402,330 |
| Rest of the world | 195,621 | 167,240 |
| | <u>957,969</u> | <u>569,570</u> |

Notes to the financial statements (continued)
For the year ended 28 February 2021

5. Operating profit

| | 2021 | 2020 |
|---|-----------|-----------|
| | £000 | £000 |
| Amounts payable to the MW LLP's auditors for: | | |
| - The audit of the company financial statements | 57 | 38 |
| - Audit-related assurance services | 7 | 6 |
| | <u>64</u> | <u>44</u> |

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

| | 2021 | 2020 |
|---------------------------|------------|------------|
| | £000 | £000 |
| Other interest receivable | <u>221</u> | <u>897</u> |

8. Taxation

| | 2021 | 2020 |
|---|--------------|--------------|
| | £000 | £000 |
| Foreign tax: | | |
| Foreign tax on income for the year | 6,555 | 2,031 |
| Foreign tax in respect of prior periods | <u>(365)</u> | <u>(1)</u> |
| Total current tax | <u>6,190</u> | <u>2,030</u> |

Notes to the financial statements (continued)
For the year ended 28 February 2021

8. Taxation (continued)

| | | 2021 £000 | 2020 £000 |
|--|----|--------------|--------------|
| Deferred tax: | | | |
| Origination and reversal of timing differences | | — | 5,431 |
| Adjustments in respect of previous periods | | — | 256 |
| Effect of changes in tax rates | | — | 732 |
| Foreign exchange | | — | (245) |
| Total deferred tax | 14 | — | 6,174 |
| Total tax | | 6,190 | 8,204 |

9. Information in relation to members

| | 2021 Number | 2020 Number |
|---|----------------|----------------|
| Average number of members during the year | 21 | 20 |

| | £000 | £000 |
|--|--------|--------|
| Profit attributable to the member with the largest entitlement | 33,299 | 79,598 |

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 £33,299k in relation to profits earned in the prior fiscal year (2020: £79,598k is in relation to profits earned in the year before that i.e. the 2019 fiscal year).

10. Debtors

| | | 2021 £000 | 2020 £000 |
|------------------------------------|----|--------------|--------------|
| Amounts owed by group undertakings | | 70,791 | 31,300 |
| Other debtors | | 1,181 | 2,184 |
| Prepayments and accrued income | | 39,611 | 37,394 |
| Receivable from funds | | 7,244 | 3,242 |
| Deferred tax asset | 14 | — | — |
| Amounts due from members | | 307,224 | 74,032 |
| | | 426,051 | 148,152 |

Notes to the financial statements (continued)
For the year ended 28 February 2021

11. Cash and cash equivalents

| | 2021 | 2020 |
|-------------------------------|---------------|---------------|
| | £000 | £000 |
| Cash at bank and in hand | 39,380 | 55,550 |
| Research Payment account | 5,084 | 9,867 |
| Net cash and cash equivalents | <u>44,464</u> | <u>65,417</u> |

12. Creditors: amounts falling due within one year

| | 2021 | 2020 |
|------------------------------------|---------------|---------------|
| | £000 | £000 |
| Accruals and deferred income | 18,854 | 14,087 |
| Amounts owed to group undertakings | 47,080 | 14,392 |
| Other creditors | 137 | 4,192 |
| | <u>66,071</u> | <u>32,671</u> |

13. Loans and other debts due to members

| | 2021 | 2020 |
|------------------------|---------------|---------------|
| | £000 | £000 |
| Amounts due to members | <u>95,732</u> | <u>63,828</u> |

14. Deferred taxation

| | 2021 | 2020 |
|--|-------------|-------------|
| | £000 | £000 |
| At beginning of the year | — | 6,174 |
| Charged to the statement of comprehensive income | — | (6,174) |
| At end of the year | <u>—</u> | <u>—</u> |

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

| | | |
|---|----------|----------|
| Unrealised gain on investment | — | — |
| Unpaid remuneration adjustment | — | — |
| Reserves - Unrealised gain on fund investments and other provisions | — | — |
| Owned fixed assets realised through use | — | — |
| Income taxed in advance of receipt | — | — |
| | <u>—</u> | <u>—</u> |

Notes to the financial statements (continued)
For the year ended 28 February 2021

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 £26,607k (2020: £31,183k).

16. Related party transactions

During the year, MW LLP was charged £278,202k (2020: £168,774k) 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 £12,977k (2020: £28,248k). At year end there was a balance of £65,150k (2020: £52,922k) 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 £124,557k (2020: £105,344k) and sales agent fees of £8,058k (2020: £7,080k). MW LLP received a profit allocation of £15,000k (2020: £21,118k) from Marshall Wace North America, L.P. At year end there was a balance of £31,271k (2020: £2,624k due from) due to 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 Nil (2020: £1,168) At year end there was a balance of £9,960k (2020: £10,649k) 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 £2,071k (2020: £2,095k). In addition, MW LLP paid sub-advisory fees and support service fees to Marshall Wace Asia Limited totalling £158,686k (2020: £45,889k). At year end there was a balance of £4,617k (2020: £983k) 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 £81,676k (2020: £14,308k) to Marshall Wace (GP1) Limited. At year end there was a net balance of £119k (2020: £43k) due from Marshall Wace (GP1) Limited. The entities are related through sharing the same ultimate controlling party.

During the year, MW LLP was charged £931k (2020: £672k) 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 £238k (2020: £135k due from) due to Marshall Wace Asset Management (Ireland) Ltd. The entities are related through sharing the same ultimate controlling party.

During the year, MW LLP received a net amount of £5,783k (2020: £1,193k) of gains from MW Ltd for investments held under the bonus deferral plan. At year end there was a balance of £70,672k (2020: £31,257k) 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.

During the year, MW LLP was charged £1,256k by Marshall Wace Investment Management (Shanghai) Ltd for sub advisory and support fees (2020: Nil). At year end there was a balance of £993k (2020: Nil) due from MW LLP. The entities are related through sharing the same ultimate controlling party.

During the year, the MW LLP made charitable donations to the Eureka Charitable Trust (established as the Marshall Wace corporate charity) of £5,053k (2020: Nil). At year end, there was a balance of Nil (2020: Nil) due to the charity. I.G.P Wace, D.E Ford, C.J Musgrave and P.R.C Marshall are Trustees of the charity.

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

Notes to the financial statements (continued)
For the year ended 28 February 2021

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