

**Registered Number OC364574**

**AQR CAPITAL MANAGEMENT (EUROPE) LLP  
REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**AQR CAPITAL MANAGEMENT (EUROPE) LLP**

**DESIGNATED MEMBERS AND ADVISERS**

**YEAR ENDED 31 DECEMBER 2015**

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<b>Designated members</b>	A Ilmanen AQR Capital Management (UK Services) Limited
<b>Members</b>	S A Richardson
<b>Registered number</b>	OC364574
<b>Registered office</b>	20-22 Bedford Row London United Kingdom WC1R 4JS
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB

## **AQR CAPITAL MANAGEMENT (EUROPE) LLP**

### **MEMBERS' REPORT**

#### **YEAR ENDED 31 DECEMBER 2015**

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The members present their report and the financial statements of AQR Capital Management (Europe) LLP (the "LLP") for the year ended 31 December 2015.

##### **Principal activities and business review**

The principal activities of the LLP during the year were that of provision of investment relations services and research. The LLP is authorised and regulated by the Financial Conduct Authority (successor of the Financial Services Authority) in the United Kingdom.

In July 2014, the LLP applied for and was granted a license to be an Alternative Investment Fund Manager ("AIFM") under the Alternative Investment Fund Manager Directive ("AIFMD").

The LLP earns substantially all of its turnover from affiliated entities, the majority of which is earned pursuant to a cost plus transfer pricing arrangement with its parent entity, AQR Capital Management, LLC. This arrangement provides a consistent and predictable stream of revenues to the LLP and allows the LLP to manage its capital base and cash flow effectively.

The turnover in the year decreased from £10,589,640 in 2014 to £8,345,614 in 2015. The decrease in turnover principally reflects lower cost plus reimbursements from AQR Capital Management, LLC due to lower cost base in 2015.

Assets under management ("AUM") and annual fee base ("AFB") of AQR Capital Management, LLC sourcing from the European region, two metrics by which asset management firms measure themselves, have grown year over year as a result of client wins sourcing from the LLP's marketing efforts. Management sees this as a positive indicator of the expanded effort on the part of AQR Capital Management, LLC to grow its investment management business in the United Kingdom and more generally in the European region.

The members consider the growth in AUM and AFB to be very positive and remain hopeful that such successes will continue into 2016 and beyond.

The LLP's financial position at year end was in line with expectations and our expectation is that our financial position going forward will remain strong owing to our unique revenue stream and the support of AQR Capital Management, LLC. Working and regulatory capital are being maintained at suitable levels and additional capital is available via AQR Capital Management, LLC if and when the need arises.

The LLP remains well positioned to attract additional investors to AQR Capital Management, LLC's suite of investment products in 2016 as it expands the services undertaken during prior years.

##### **Principal risks and uncertainties**

The members of the LLP assess the main risks for the forthcoming year as follows:

- The LLP's revenue base is very concentrated and economic difficulties at AQR Capital Management, LLC level, sourcing from poor investment results or other events, could expose the LLP to credit risk.
- The LLP could be adversely affected by regulatory compliance failures, adverse effect of changes in laws and regulations applicable to its business.

**AQR CAPITAL MANAGEMENT (EUROPE) LLP**

**MEMBERS' REPORT** *(continued)*

**YEAR ENDED 31 DECEMBER 2015**

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**Results for the year and allocation to members**

The profit for the year available for distribution to members was £3,403,301 (2014: £2,430,934).

**Designated members**

The following were designated members during the year:

A Ilmanen  
AQR Capital Management (UK  
Services) Limited

**Policy with respect to members' drawings and subscription and repayments of amounts subscribed or otherwise contributed by members**

Members are permitted to make drawings in anticipation of profits which will be allocated to them. The amount of such drawings is set in each financial year, taking into account the anticipated cash needs of the LLP.

Any profits are shared among the members under the terms of the Limited Liability Partnership Agreement dated 15 July 2014.

Each member's subscription to the capital of the LLP is determined by the Limited Liability Partnership Agreement dated 15 June 2014. The members have no rights, directly or indirectly, to withdraw or receive back any part of the amount standing to the credit of their capital contribution account, except with the consent of the managing member, AQR Capital Management (UK Services) Limited.

Any member may contribute further capital to the LLP by agreement with the managing member.

**Auditor**

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) have indicated their willingness to be reappointed for another term.

**Statement of disclosure to auditors**

So far as the members are aware, there is no relevant audit information of which the auditor is unaware. Additionally, the members have taken all the necessary steps that they ought to have taken as members in order to make themselves aware of all relevant audit information and to establish that the LLP's auditor is aware of that information.

Signed on behalf of the members



A Ilmanen  
Designated member

Approved by the members on ..... 22.4.2016

**AQR CAPITAL MANAGEMENT (EUROPE) LLP**  
**MEMBERS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL**  
**STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the 2008 Regulations) 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under the 2008 Regulations, the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the partnership and of the profit or loss of the partnership for that period.

In preparing those financial statements, the members are required to:

- a) Select suitable accounting policies and then apply them consistently;
- b) Make judgements and estimates that are reasonable and prudent;
- c) State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

Under the 2008 Regulations the members are responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy at any time the financial position of the partnership and to enable them to ensure that the financial statements comply with the requirements of those Regulations. They are also responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for the maintenance and integrity of the corporate and financial information included on the partnership's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

These responsibilities are exercised by the designated members on behalf of the members.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AQR CAPITAL MANAGEMENT (EUROPE) LLP**

We have audited the financial statements of AQR Capital Management (Europe) LLP for the year ended 31 December 2015 on pages 6 to 22. 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 in the UK and Republic of Ireland".

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 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. Our audit work has been undertaken so that we might state to the limited liability partnership's 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.

### **Respective responsibilities of members and auditor**

As explained more fully in the Members' Responsibilities Statement 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with 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.

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the members were not entitled to prepare the financial statements in accordance with the small LLP's regime.

**RSM UK Audit LLP**

Malcolm Pirouet, (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), Statutory Auditor

Chartered Accountants

25 Farringdon Street

London

EC4A 4AB

**25 April 2016**

**AQR CAPITAL MANAGEMENT (EUROPE) LLP****STATEMENT OF COMPREHENSIVE INCOME****31 DECEMBER 2015**

		2015	2014
	Note	£	£
Turnover	3	8,345,614	10,589,640
Administrative expenses		(4,943,894)	(8,158,706)
Operating profit	4	3,401,720	2,430,934
Interest receivable and similar income		1,628	-
Interest payable and similar charges		(47)	-
<b>Profit for the financial year before members' remuneration and profit shares available for discretionary division among members</b>		<b>3,403,301</b>	<b>2,430,934</b>
<b>Total Comprehensive income</b>		<b><u>3,403,301</u></b>	<b><u>2,430,934</u></b>

The profit for the year arises from the partnership's continuing operations.

The notes on pages 11 to 22 form part of these financial statements.

**AQR CAPITAL MANAGEMENT (EUROPE) LLP**  
Registered Number OC364574

**STATEMENT OF FINANCIAL POSITION**

**31 DECEMBER 2015**

	Note	2015 £	2014 £
<b>Fixed assets</b>			
Tangible assets	6	993,944	189,303
Investments	7	9,613	9,613
		<u>1,003,557</u>	<u>198,916</u>
<b>Current assets</b>			
Debtors	8	4,285,860	2,212,337
Cash at bank and in hand		2,318,745	4,229,783
		<u>6,604,605</u>	<u>6,442,120</u>
<b>Creditors: Amounts falling due within one year</b>	9	(2,012,675)	(2,268,495)
<b>Net current assets</b>		<u>4,591,930</u>	<u>4,173,625</u>
<b>Total assets less current liabilities</b>		<u>5,595,487</u>	<u>4,372,541</u>
<b>Net assets attributable to members</b>		<u>5,595,487</u>	<u>4,372,541</u>
<b>Represented by:</b>			
<b>Loans and other debts due to members</b>			
Other amounts	16	4,251,487	3,028,541
<b>Members' other interests</b>			
Members' capital classified as equity		1,344,000	1,344,000
		<u>5,595,487</u>	<u>4,372,541</u>
<b>Total members' interests</b>			
Loans and other debts due to members	16	4,251,487	3,028,541
Members' other interests		1,344,000	1,344,000
		<u>5,595,487</u>	<u>4,372,541</u>

The financial statements on pages 6 to 22 were approved by the members and authorised for issue on ~~22.12.2016~~ and are signed on their behalf by:

  
A Ilmanen  
Designated member

The notes on pages 11 to 22 form part of these financial statements.



**AQR CAPITAL MANAGEMENT (EUROPE) LLP**  
**RECONCILIATION OF MEMBERS' INTERESTS**

**31 DECEMBER 2015**

	EQUITY			DEBT	TOTAL MEMBERS' INTERESTS
	Members' Other interests				
	Members' capital (classified as equity) £	Other reserves £	Total £	Other debts due to members £	Total £
Balance at 1 January 2015	1,344,000	—	1,344,000	3,028,541	4,372,541
Profit for the financial year available for discretionary division amongst members	—	3,403,301	3,403,301	—	3,403,301
Members' interests after profit for the year	1,344,000	3,403,301	4,747,301	3,028,541	7,775,842
Other division of profits	—	(3,403,301)	(3,403,301)	3,403,301	—
Drawings	—	—	—	(2,180,355)	(2,180,355)
Balance at 31 December 2015	<u>1,344,000</u>	<u>—</u>	<u>1,344,000</u>	<u>4,251,487</u>	<u>5,595,487</u>

The notes on pages 11 to 22 form part of these financial statements.

**AQR CAPITAL MANAGEMENT (EUROPE) LLP**  
**RECONCILIATION OF MEMBERS' INTERESTS**

**31 DECEMBER 2014**

	EQUITY			DEBT	TOTAL MEMBERS' INTERESTS
	Members' Other interests				
	Members' capital (classified as equity) £	Other reserves £	Total £	Other debts due to members £	Total £
Balance at 1 January 2014	37,000	—	37,000	1,733,657	1,770,657
Profit for the financial year available for discretionary division amongst members	—	2,430,934	2,430,934	—	2,430,934
Members' interests after profit for the year	37,000	2,430,934	2,467,934	1,733,657	4,201,591
Other division of profits	—	(2,430,934)	(2,430,934)	2,430,934	—
Introduced by members	1,307,000	—	1,307,000	—	1,307,000
Drawings	—	—	—	(1,136,050)	(1,136,050)
Balance at 31 December 2014	<u>1,344,000</u>	<u>—</u>	<u>1,344,000</u>	<u>3,028,541</u>	<u>4,372,541</u>

The notes on pages 11 to 22 form part of these financial statements.

**AQR CAPITAL MANAGEMENT (EUROPE) LLP**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED 31 DECEMBER 2015**

	<b>Note</b>	<b>2015 £</b>	<b>2014 £</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	17	<u>1,323,054</u>	<u>2,860,308</u>
<b>Net cash from/(used in) operating activities</b>		<u>1,323,054</u>	<u>2,860,308</u>
 <b>Investing activities</b>			
Purchase of tangible fixed assets		<u>(1,055,318)</u>	<u>(178,278)</u>
Interest received		1,628	—
Interest paid		<u>(47)</u>	<u>—</u>
<b>Net cash from/(used in) investing activities</b>		<u>(1,053,737)</u>	<u>(178,278)</u>
 <b>Financing activities</b>			
Transactions with members and former members:			
Capital introduced by members (classified as equity)		—	1,307,000
Drawings		<u>(2,180,355)</u>	<u>(1,136,050)</u>
<b>Net cash from/(used in) financing activities</b>		<u>(2,180,355)</u>	<u>170,950</u>
 <b>Net increase/(decrease) in cash and cash equivalents</b>		<u>(1,911,038)</u>	<u>2,852,980</u>
 <b>Cash and cash equivalents at beginning of year</b>		<u>4,229,783</u>	<u>1,376,803</u>
<b>Cash and cash equivalents at end of year</b>		<u>2,318,745</u>	<u>4,229,783</u>

The notes on pages 11 to 22 form part of these financial statements.

**AQR CAPITAL MANAGEMENT (EUROPE) LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

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**1 Accounting policies**

**General information**

AQR Capital Management (Europe) LLP has prepared financial statements covering the individual entity's results for the year to 31 December 2015.

AQR Capital Management (Europe) is a Limited Liability Partnership and is incorporated in Great Britain. The address of AQR Capital Management (Europe) LLP's registered office is presented on page 1 of these financial statements under Designated Members and Advisers.

The principal activities of the LLP are disclosed in the Members' Report.

**Accounting convention**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom accounting standards and the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" published July 2014.

**First time adoption of FRS 102**

These financial statements are the first financial statements of AQR Capital Management (Europe) LLP prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" published July 2014. The financial statements of AQR Capital Management (Europe) LLP for the year ended 31 December 2014 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from the previous UK GAAP. Consequently, the members have amended certain accounting policies to comply with FRS 102. The members have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

**Consolidation**

The LLP was, at the end of the year, a subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006 as modified by the Limited Liability Partnerships Regulations 2001, is not required to produce, and has not published, consolidated accounts.

**Reduced disclosures**

In accordance with FRS 102, the LLP has taken advantage of the exemptions from the requirement under Section 33 'Related Party Disclosures' to disclose the compensation for key management personnel.

The financial statements of the LLP are consolidated in the financial statements of AQR Capital Management (UK Services) Limited. The consolidated financial statements of AQR Capital Management (UK Services) Limited will be available from Companies House, 4 Abbey Orchard St, London SW1P 2HT.

**AQR CAPITAL MANAGEMENT (EUROPE) LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

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**1 Accounting policies (continued)**

**Going Concern**

The LLP has net current assets and net assets and is trading profitably. The members expect the LLP to be able to continue to trade profitably and to generate net cash and therefore consider it appropriate to prepare the financial statements on a going concern basis.

**Functional and presentational currencies**

The financial statements are presented in sterling which is also the functional currency of the LLP.

**Turnover**

The turnover shown in the profit and loss account represents the value of all services provided during the period net of Value Added Tax. Income in relation to investment management services is recognised in the period during which the related services are performed.

**Tangible fixed assets**

Tangible fixed assets are measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

Leasehold Property	- lesser of useful life or the term of the lease
Equipment	- 3 years straight line
Fixtures and fittings	- 7 years straight line

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life. At each reporting end date, the LLP reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

**Leases**

All leases are operating leases and annual rentals are charged to the profit or loss on a straight line basis over the period of the lease.

Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised, on a straight-line basis over the lease term.

**Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

**AQR CAPITAL MANAGEMENT (EUROPE) LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

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**1 Accounting policies (continued)**

**Financial Instruments**

The LLP has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the LLP becomes a party to the contractual provisions of the instrument, and are offset only when the LLP currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**Financial assets**

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through profit or loss are measured at fair value.

**Loans and receivables**

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

**Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

**Financial liabilities and equity**

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into.

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

An equity instrument is any contract that evidences a residual interest in the assets of the LLP after deducting all of its liabilities.

**AQR CAPITAL MANAGEMENT (EUROPE) LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

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**1 Accounting policies (continued)**

**Members' participation rights**

Members' participation rights are the rights of a member against the LLP that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed remuneration and profits).

Members' participation rights in the earnings or assets of the LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity, in accordance with section 22 of FRS 102. A member's participation right results in a liability unless the right to any payment is discretionary on the part of the LLP.

Amounts subscribed or otherwise contributed by members, for example members' capital, are classed as equity if the LLP has an unconditional right to refuse payment to members. If the LLP does not have such an unconditional right, such amounts are classified as liabilities.

Where profits are automatically divided as they arise, so the LLP does not have an unconditional right to refuse payment, the amounts arising that are due to members are in the nature of liabilities. They are therefore treated as an expense and presented as members remuneration charged as an expense in arriving at the result for the relevant year. To the extent that they remain unpaid at the period end, they are shown as liabilities.

Conversely, where profits are divided only after a decision by the LLP or its representative, so that the LLP has an unconditional right to refuse payment, such profits are classed as an appropriation of equity rather than as an expense. They are therefore shown as a residual amount available for discretionary division among members in arriving at the result for the year and are shown as appropriations of equity when they are allocated.

Other amounts applied to members, for example remuneration paid under an employment contract and interest on capital balances, are treated in the same way as all other divisions of profits, as described above, according to whether the LLP has, in each case, an unconditional right to refuse payment.

All amounts due to members that are classified as liabilities are presented within 'Loans and other debts due to members' and, where such an amount relates to current year profits, they are recognised within 'Members' remuneration charged as an expense' in arriving at the relevant year's result. Undivided amounts that are classified as equity are shown within 'Members' other interests'.

**Retirement benefits**

The LLP operates a defined contribution pension scheme and the pension charge represents the amounts payable by the LLP to the fund in respect of the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments. The assets of the scheme are held separately from those of the LLP in an independently administered fund.

## AQR CAPITAL MANAGEMENT (EUROPE) LLP

### NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

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#### 1 Accounting policies (continued)

##### Foreign currencies

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities and transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

##### Investments

Investments held as fixed assets are shown at cost less provision for impairment.

##### Taxation

The taxation payable on the partnership profits is solely the liability of the members consequently neither partnership taxation nor related deferred taxation arising in respect of the partnership are accounted for in these financial statements.

#### 2. Critical accounting estimates and judgements

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.

##### *Critical accounting estimates and assumptions*

The expected useful life of a fixed asset is estimated upon purchase to provide a period over which the cost of the item shall be recognised in the profit or loss, and therefore match with the economic benefit provided by the asset.

Residual values are estimated based on current market prices and take into account the expected age and condition of the asset at the end of its useful life.

##### *Critical areas of judgement*

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the LLP as lessee.

#### 3. Turnover

The turnover and profit before tax are primarily attributable to one principal activity of the LLP. An analysis of the LLP's turnover is as follows:

##### Turnover

	2015 £	2014 £
Sale of services	<u>8,345,614</u>	<u>10,589,640</u>
Other income		
	2015 £	2014 £
Interest income	<u>1,628</u>	<u>—</u>



**AQR CAPITAL MANAGEMENT (EUROPE) LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2015**

**3. Turnover (continued)**

An analysis of the geographical location of the LLP's turnover is as follows:

	2015 £	2014 £
Overseas	<u>8,345,614</u>	<u>10,589,640</u>

**4. Operating profit**

Operating profit is stated after charging/(crediting):

	2015 £	2014 £
Depreciation of owned fixed assets	250,677	62,616
Operating lease costs:		
-Other	342,758	186,919
Net (profit)/loss on foreign currency translation	(34,672)	(34,884)
Auditor's remuneration - audit of the financial statements	16,500	13,000
Auditor's remuneration - other fees	<u>107,305</u>	<u>112,031</u>
	2015 £	2014 £
Auditor's remuneration - audit of the financial statements	<u>16,500</u>	<u>13,000</u>
Auditor's remuneration - other fees:		
- Taxation	88,735	105,793
- Other services	<u>18,570</u>	<u>6,238</u>
	<u>107,305</u>	<u>112,031</u>

**5. Employees**

The average number of persons (excluding members) employed by the partnership during the year was:

	2015 No	2014 No
Number of operations staff	9	7
Number of administrative staff	<u>1</u>	<u>1</u>
	<u>10</u>	<u>8</u>

Staff costs for the above persons:

	2015 £	2014 £
Wages and salaries	2,719,001	2,363,465
Social security costs	277,324	191,893
Other pension costs	<u>43,409</u>	<u>30,907</u>
	<u>3,039,734</u>	<u>2,586,265</u>

**AQR CAPITAL MANAGEMENT (EUROPE) LLP**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2015**

**6. Tangible fixed assets**

	Leasehold Property £	Fixtures & Fittings £	Equipment £	Total £
<b>Cost</b>				
At 1 January 2015	186,866	178,278	38,836	403,980
Additions	558,970	182,953	313,395	1,055,318
At 31 December 2015	<u>745,836</u>	<u>361,231</u>	<u>352,231</u>	<u>1,459,298</u>
<b>Depreciation</b>				
At 1 January 2015	186,591	—	28,086	214,677
Charge for the year	128,830	40,300	81,547	250,677
At 31 December 2015	<u>315,421</u>	<u>40,300</u>	<u>109,633</u>	<u>465,354</u>
<b>Net book value</b>				
At 31 December 2015	<u>430,415</u>	<u>320,931</u>	<u>242,598</u>	<u>993,944</u>
At 31 December 2014	<u>275</u>	<u>178,278</u>	<u>10,750</u>	<u>189,303</u>

**7. Investments**

**Subsidiary company**

	£
<b>Cost</b>	
At 1 January 2014 and 31 December 2015	<u>9,613</u>
<b>Net book value</b>	
At 31 December 2015 and 31 December 2014	<u>9,613</u>

At the balance sheet date the LLP holds 100% of the share capital in the following entity.

**Subsidiary undertakings**

	Country of incorporation	Proportion of voting rights and shares held		Nature of business	
AQR Capital Management (DK Service) ApS	Denmark	Ordinary shares	100	Provision of product support and development	
				2015 £	2014 £
Aggregate capital and reserves				566,846	351,897
Profit for the period				<u>230,942</u>	<u>177,535</u>

**AQR CAPITAL MANAGEMENT (EUROPE) LLP**

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**8. Debtors**

	2015	2014
	£	£
Trade debtors	98,550	12,238
Amounts owed by group undertakings	3,749,207	1,742,526
VAT recoverable	59,062	17,875
Other debtors	215,497	349,396
Prepayments and accrued income	163,544	90,302
	<u>4,285,860</u>	<u>2,212,337</u>

The debtors above include the following amounts falling due after more than one year:

	2015	2014
	£	£
Other debtors	<u>197,447</u>	<u>197,447</u>

Other debtors falling due after more than one year relates to a rent security deposit.

**9. Creditors: Amounts falling due within one year**

	2015	2014
	£	£
Amounts owed to group undertakings	13,987	485,936
PAYE and social security	238,697	148,571
Accruals and deferred income	1,759,991	1,633,988
	<u>2,012,675</u>	<u>2,268,495</u>

**10. Retirement benefits schemes**

The LLP makes contributions to certain employees' pension plans and the charge in the profit or loss represents the amounts payable by the LLP to the pension plans in respect of the year amounts to £43,409 (2014: £30,907). Contributions outstanding at the year-end amount to £14,955 (2014: £11,418).

**AQR CAPITAL MANAGEMENT (EUROPE) LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**11. Financial Instruments**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Carrying amount of financial assets</b>		
Measured at amortised cost		
- Cash	2,318,745	4,229,783
- Debtors	4,122,316	2,122,035
	<u>6,441,061</u>	<u>6,351,818</u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost		
- Creditors	1,918,536	2,256,432
	<u>1,918,536</u>	<u>2,256,432</u>

**12. Commitments under operating leases**

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<b>Land and buildings 2015 £</b>	<b>Land and buildings 2014 £</b>
Amounts due:		
Within one year	329,078	174,594
Between one and five years	1,316,312	1,316,312
After five years	329,078	658,156
	<u>1,974,468</u>	<u>2,149,062</u>

**13. Risk management**

**Pillar 3 disclosures**

The Pillar 3 disclosures set out in this report are made in accordance with the requirements of Chapter 11 of the Prudential Sourcebook for Banks, Building Societies and Investment Firms (BIPRU). Specifically, it covers the LLP's risk management objectives and policies; the processes for managing material risks; and the policies for mitigating risk. These disclosures are required to be made at least annually.

## AQR CAPITAL MANAGEMENT (EUROPE) LLP

### NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

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#### 13. Risk management (continued)

The principal risks of the LLP are as follows: -

##### *Credit and Concentration Risk*

The LLP is exposed to credit risk directly via its Transfer Pricing arrangement with AQR Capital Management, LLC ("AQR US") and via its Investment Advisory agreement with the AQR GRP EL 20 (Lux) Fund ("GRP Lux Fund"). The LLP manages this credit risk with quarterly reviews of the AQR US financial position, short settlement cycles of the receivable balances and the use of a custodian for safekeeping of fund assets.

##### *Liquidity Risk*

The LLP is exposed to liquidity risk via its relationship with AQR US. If AQR US were to suffer financial hardship and be unable to settle its obligation to the LLP, the LLP would have a difficult time meeting its own obligations as it has no alternative substantive source of funding. The LLP manages this risk with quarterly reviews of the AQR US financial position.

##### *Regulatory Risk*

The LLP is exposed to regulatory risk as it is a member of, and subject to, the rules of the Financial Conduct Authority ("FCA"). The LLP ensures that these requirements are met by employing qualified compliance and legal personnel and by using external consulting where necessary.

#### 14. Capital risk management

The LLP's objective when managing capital is to safeguard the LLP's ability to continue as a going concern and maintain an optimal capital structure to operate its business effectively.

The LLP defines capital as being members' capital classified as equity. Management monitors the level of capital as compared to the LLP's requirements and injects new capital as required.

However, the above objective must be achieved in accordance with guidelines set by the FCA, the regulator of the LLP. The FCA sets out the requirements for the LLP in respect of the minimum level of capital it must hold at any point. In pursuing its primary objective the LLP also ensures that it is compliant with the FCA requirements. Accordingly, the LLP was in compliance with capital requirements set by the FCA throughout the period.

In calculating capital, the LLP's capital is analysed as follows:

##### **Tier 1 capital**

Tier 1 capital is the core measure of the LLP's financial strength from a regulator's point of view. It consists of the types of financial capital considered most reliable and liquid, primarily being members' capital. The LLP's Tier 1 capital consists of members' capital and other interests classified as equity.

The LLP does not have incremental Tier 2 or Tier 3 capital.

# AQR CAPITAL MANAGEMENT (EUROPE) LLP

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

### 14. Capital risk management (continued)

The LLP's regulatory position is set out below:

	2015 £	2014 £
Members' capital classified as equity	1,344,000	1,344,000
Members' other interests classified as equity	<u>3,029,000</u>	<u>597,505</u>
Total Tier 1 capital	4,373,000	1,941,505
Total regulatory capital	<u>4,373,000</u>	<u>1,941,505</u>

As of 31 December 2015 and 2014, the LLP had £3,410,000 and £1,313,505 in surplus funds in excess of the LLP's fixed overhead requirement of £963,000 and £628,000, respectively.

### 15. Related party transactions

The LLP has taken advantage of the exemption in FRS 102 (33.1A) from the requirement to disclose transactions with wholly owned subsidiaries with the group headed by AQR Capital Management, LLC.

### 16. Loans and other debts due to members

	2015 £	2014 £
Amounts owed to members in respect of profits	<u>4,251,487</u>	<u>3,028,541</u>

During the year, £2,180,355 (2014: £1,136,050) was withdrawn as drawings by members of AQR Capital Management (Europe) LLP.

In the event of a dissolution, loans and other debts due to members are subordinate to debts due to ordinary creditors.

### 17. Reconciliation of profit to net cash generated from/(used in) operations

	2015 £	2014 £
Profit for the year	3,401,720	2,430,934
Adjustments for:		
Depreciation	<u>250,677</u>	<u>62,616</u>
Operating cash flows before movements in working capital	<u>3,652,397</u>	<u>2,493,550</u>
Decrease/(increase) in trade and other debtors	(2,073,523)	1,707,593
(Decrease)/increase in trade and other creditors	<u>(255,820)</u>	<u>(1,340,835)</u>
Cash generated from / (used in) operations	<u>1,323,054</u>	<u>2,860,308</u>

**AQR CAPITAL MANAGEMENT (EUROPE) LLP**  
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**18 Capital commitments**

Amounts contracted for but not provided in the financial statements amounted to £nil (2014: £138,341).

**19. Ultimate parent company and ultimate controlling party**

The LLP's ultimate parent undertaking is AQR Capital Management Group LP, a partnership formed in Delaware, United States of America.

The LLP's immediate parent undertaking is AQR Capital Management (UK Services) Limited by virtue of holding 99% interest in the LLP.

The smallest group in which the results of the LLP are consolidated is that headed by AQR Capital Management (UK Services) Limited and the largest group in which the results of the LLP are consolidated is that headed by AQR Capital Management Group LP.

In the opinion of the members there is no ultimate controlling party.

**20. First time adoption of FRS 102**

The transition to FRS 102 has had no impact on;

- (i) the company equity at the date of transition to FRS 102;
- (ii) the company equity at the end of the comparative period; and
- (iii) the company profit or loss for the comparative period reported previous UK GAAP.

Under FRS 102, the Statement of Cash Flows presents changes in cash and cash equivalents (which include cash in hand, deposits repayable on demand and overdrafts and short-term, highly liquid investments), showing changes arising from operating activities, investing activities and financing activities separately. Under previous UK GAAP, the Cash Flow Statement presented changes in cash (which includes cash in hand, deposits repayable on demand and overdrafts) under the headings of operating activities, returns on investments and servicing of finance, taxation, capital expenditure and financial investment, acquisitions and disposals, equity dividends paid, management of liquid resources, and financing.