

Registered Number OC364574

**AQR CAPITAL MANAGEMENT (EUROPE) LLP**  
**REPORT & FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**



**AQR CAPITAL MANAGEMENT (EUROPE) LLP**  
**DESIGNATED MEMBERS AND ADVISERS**  
**YEAR ENDED 31 DECEMBER 2021**

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**Designated members**      AQR Capital Management (UK Services) Limited  
AQR Capital Management (UK Services II) Limited

**Registered number**      OC364574

**Registered office**      Suite 1, 3rd Floor  
11-12 St. James's Square  
London  
United Kingdom  
SW1Y 4LB

**Auditor**      RSM UK Audit LLP  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

## AQR CAPITAL MANAGEMENT (EUROPE) LLP

### MEMBERS' REPORT

YEAR ENDED 31 DECEMBER 2021

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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 2021.

#### Principal activities

The principal activities of the LLP during the year were investment marketing, investor relations services and research performed for AQR Capital Management, LLC ("AQR US"), its indirect parent, as well as serving as an Alternative Investment Fund Manager ("AIFM") for certain funds in accordance with the requirements of the Alternative Investment Fund Manager Directive. The LLP is authorised and regulated by the Financial Conduct Authority in the United Kingdom ("UK").

#### Business review

The LLP's results for the year and the financial position are set out in the financial statements on pages 10 to 24.

The key performance indicators, turnover and net profit, for the past two years were as follows:

	2021	2020
	£'000	£'000
Turnover	17,026	20,902
Net profit	3,128	4,118

Turnover comprises management fees earned from certain funds for which the LLP acts as the AIFM, any income earned pursuant to a transfer pricing arrangement ("Transfer Pricing") with AQR US as well as fees for services carried out pursuant to a secondment agreement ("Secondment"), entered into in 2021, with an affiliate.

Turnover has decreased as compared to the prior year primarily due to lower management fees earned, which has resulted in the decline in the net profit for the year.

Assets under management ("AUM") and annual fee base ("AFB") of AQR US, sourced from Europe, Middle East and Africa ("EMEA"), are additional metrics by which the LLP measures its performance. AUM from the EMEA region has declined year over year due to net client outflows. AFB from the same region has also declined year over year principally due to the decline of the related AUM.

#### Principal risks and uncertainties

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

- The LLP's revenue base is concentrated. Economic difficulties at AQR US or the funds it manages, arising from poor investment results or other events, could expose the LLP to business, credit or liquidity risk. The LLP manages such risks with on-going reviews of AQR US's financial position and the use of a custodian for safekeeping of fund assets.
- The LLP could be adversely affected by changes in laws and regulations applicable to its business. The LLP's dedicated legal and compliance team, including the utilisation of professional advisers where necessary, is tasked with the assessment and management of any such risk, including Brexit where appropriate contingency planning has allowed the LLP to continue its regulated business activities in partnership with an affiliate.
- The LLP is exposed to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal or regulatory risk. An appropriate risk framework is in place to manage operational risk, designed to identify risk in processes and mitigate the probability and impact of any loss arising.

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

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

**YEAR ENDED 31 DECEMBER 2021**

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#### **Pillar 3 and remuneration code disclosures**

The LLP has prepared the Pillar 3 and remuneration code disclosures required under the Capital Requirements Directive. These disclosures can be reviewed at the following website: <https://ucits.aqr.com/legal-and-regulatory>.

The UK's new Investment Firms Prudential Regime (the "IFPR") took effect on 1 January 2022, which the LLP has adopted accordingly. The IFPR sets out new requirements including capital, internal capital and risk assessment process, remuneration policies as well as other reporting and disclosure requirements. The Pillar 3 and remuneration code disclosures will be replaced by the IFPR; as such, the LLP will report and disclose, as necessary, pursuant to the new requirements beginning with its financial year ending 31 December 2022.

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

The profit for the year available for distribution to members was £3,128,000 (2020: £4,118,000).

#### **Designated members**

The following were designated members during the year:

AQR Capital Management (UK Services) Limited

AQR Capital Management (UK Services II) Limited

#### **Policy with respect to members' profits, drawings and capital**

AQR Capital Management (UK Services) Limited determines the allocation of any profits amongst the members.

Members are permitted to withdraw amounts standing to the credit of their distribution account in accordance with the terms of the Limited Liability Partnership Deed, dated 24 November 2020 (as amended from time to time) (the "LLP Deed").

Each member's subscription to the capital of the LLP is determined by the LLP Deed. 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 as defined under the terms of the LLP Deed.

Any member may contribute further capital to the LLP by agreement with the European Executive Committee, as defined in the LLP Deed.

#### **Auditor**

RSM UK Audit LLP has indicated their willingness to be reappointed for another term.

**AQR CAPITAL MANAGEMENT (EUROPE) LLP**

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

**YEAR ENDED 31 DECEMBER 2021**

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**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

*John B. Howard*

J B Howard, Director  
AQR Capital Management (UK Services) Limited  
AQR Capital Management (UK Services II) Limited  
Designated members

Approved by the members on 25 April 2022

**AQR CAPITAL MANAGEMENT (EUROPE) LLP**  
**MEMBERS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL**  
**STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "2008 Regulations") require 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**

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

#### **Opinion**

We have audited the financial statements of AQR Capital Management (Europe) LLP (the 'limited liability partnership') for the year ended 31 December 2021 which comprise statement of comprehensive income, statement of financial position, reconciliation of members' interests, statement of cashflows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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. 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 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 twelve 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.

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

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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 this gives rise to 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 this 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 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 limited liability 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 limited liability 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.

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.



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

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In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the limited liability partnership operates in and how the limited liability partnership is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud having obtained an understanding of the effectiveness of the control environment.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and the LLP SORP 2018. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to FCA compliance. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these laws and regulations and inspected correspondence with the FCA.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

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

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

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**Use of our report**

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. 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.

*Malcolm Pirouet*

MALCOLM PIROUET (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London, EC4A 4AB  
25 April 2022

**AQR CAPITAL MANAGEMENT (EUROPE) LLP**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**31 DECEMBER 2021**

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		2021	2020
	Note	£'000	£'000
<b>Turnover</b>	3	17,026	20,902
<b>Administrative expenses</b>		(13,898)	(16,784)
<b>Operating profit</b>	4	<u>3,128</u>	<u>4,118</u>
<b>Profit for the financial year before members' remuneration and profit shares available for discretionary division among members</b>		<u>3,128</u>	<u>4,118</u>
<b>Total comprehensive income</b>		<u><u>3,128</u></u>	<u><u>4,118</u></u>

The notes on pages 14 to 24 form part of these financial statements.

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

**STATEMENT OF FINANCIAL POSITION**  
**31 DECEMBER 2021**

		2021	2020
	Note	£'000	£'000
<b>Fixed assets</b>			
Tangible assets	6	393	693
Investments	7	10	10
		<u>403</u>	<u>703</u>
<b>Current assets</b>			
Debtors	8	15,368	17,357
Cash at bank and in hand		11,245	7,797
		<u>26,613</u>	<u>25,154</u>
<b>Creditors: Amounts falling due within one year</b>	9	(5,499)	(4,569)
<b>Net current assets</b>		<u>21,114</u>	<u>20,585</u>
<b>Total assets less current liabilities</b>		<u>21,517</u>	<u>21,288</u>
<b>Net assets attributable to members</b>		<u>21,517</u>	<u>21,288</u>
<b>Represented by:</b>			
<b>Loans and other debts due to members</b>			
Other amounts	14	12,673	12,444
<b>Members' other interests</b>			
Members' capital classified as equity		8,844	8,844
		<u>21,517</u>	<u>21,288</u>
<b>Total members' interests</b>			
Loans and other debts due to members	14	12,673	12,444
Members' other interests		8,844	8,844
		<u>21,517</u>	<u>21,288</u>

The financial statements on pages 10 to 24 were approved by the members and authorised for issue on 25 April 2022 and are signed on their behalf by:

*John B. Howard*

J B Howard, Director  
AQR Capital Management (UK Services) Limited  
AQR Capital Management (UK Services II) Limited  
Designated members

The notes on pages 14 to 24 form part of these financial statements.

**AQR CAPITAL MANAGEMENT (EUROPE) LLP**  
**RECONCILIATION OF MEMBERS' INTERESTS**  
**31 DECEMBER 2021**

	<b>EQUITY</b>			<b>DEBT</b>	<b>TOTAL MEMBERS' INTERESTS</b>
	<b>Members' other interests</b>				
	Members' capital (classified as equity)	Other reserves	Total	Other debts due to members	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2021	8,844	-	8,844	12,444	21,288
Profit for the financial year available for discretionary division amongst members	-	3,128	3,128	-	3,128
Members' interest after profit for the year	8,844	3,128	11,972	12,444	24,416
Other division of profits	-	(3,128)	(3,128)	3,128	-
Drawings	-	-	-	(2,899)	(2,899)
Balance at 31 December 2021	8,844	-	8,844	12,673	21,517

	<b>EQUITY</b>			<b>DEBT</b>	<b>TOTAL MEMBERS' INTERESTS</b>
	<b>Members' other interests</b>				
	Members' capital (classified as equity)	Other reserves	Total	Other debts due to members	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2020	8,844	-	8,844	14,468	23,312
Profit for the financial year available for discretionary division amongst members	-	4,118	4,118	-	4,118
Members' interest after profit for the year	8,844	4,118	12,962	14,468	27,430
Other division of profits	-	(4,118)	(4,118)	4,118	-
Drawings	-	-	-	(6,142)	(6,142)
Balance at 31 December 2020	8,844	-	8,844	12,444	21,288

The notes on pages 14 to 24 form part of these financial statements.

**AQR CAPITAL MANAGEMENT (EUROPE) LLP**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £'000	2020 £'000
<b>Cash flows from operating activities</b>			
Transactions with non-members:			
Cash generated from (used in) operations	16	3,847	(678)
<b>Net cash from (used in) operating activities</b>		3,847	(678)
<b>Financing activities</b>			
Transactions with members:			
Drawings		(399)	(1,142)
<b>Net cash from (used in) financing activities</b>		(399)	(1,142)
<b>Net increase (decrease) in cash and cash equivalents</b>		3,448	(1,820)
<b>Cash and cash equivalents at beginning of year</b>		7,797	9,617
<b>Cash and cash equivalents at end of year</b>		11,245	7,797

The notes on pages 14 to 24 form part of these financial statements.

**AQR CAPITAL MANAGEMENT (EUROPE) LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**1. Accounting policies**

**General information**

AQR Capital Management (Europe) LLP (the "LLP") has prepared financial statements covering the entity's results for the year ended 31 December 2021.

*The LLP is a limited liability partnership, formed in the United Kingdom, and registered in England and Wales. The address of the 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 December 2018.

These financial statements are 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 December 2018.

**Consolidation**

The LLP was, at the end of the year, a subsidiary of another company incorporated in the United Kingdom 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, 80 Petty France, Westminster, London SW1H 9EX.

**Going concern**

A review of the trading position and cash flow forecasts have been completed and the LLP is satisfied that it has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the LLP continues to adopt the going concern basis in preparing these financial statements.

**AQR CAPITAL MANAGEMENT (EUROPE) LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**Functional and presentational currencies**

The financial statements are presented in sterling which is also the functional currency of the LLP. Monetary amounts in these financial statements are rounded to the nearest thousand pounds sterling unless otherwise stated.

**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, Transfer Pricing, and Secondment services are 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 and the term of the lease
Fixtures and fittings	- 7 years straight line
Equipment	- 3 - 5 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 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.

**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.



**AQR CAPITAL MANAGEMENT (EUROPE) LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**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 debtors 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.

**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.

**Members' participation rights**

Members' participation rights are the rights of a member against the LLP that arise under the LLP Deed (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.

**AQR CAPITAL MANAGEMENT (EUROPE) LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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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, 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 scheme 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.

**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 prevailing 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.

## AQR CAPITAL MANAGEMENT (EUROPE) LLP

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 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 are primarily attributable to the principal activities of the LLP as disclosed in the Members' Report. An analysis of the LLP's turnover is as follows:

	2021	2020
	£'000	£'000
Sale of services	17,026	20,902

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

	2021	2020
	£'000	£'000
North America	3,508	-
Europe	13,518	20,902
Total	17,026	20,902

**AQR CAPITAL MANAGEMENT (EUROPE) LLP**  
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**4. Operating profit**

Operating profit is stated after charging (crediting):

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation of owned fixed assets	338	338
Operating lease costs:		
- Property	629	673
Net (profit) loss on foreign currency translation	6	(11)
Auditor's remuneration - audit of the financial statements	20	18
Auditor's remuneration - other fees	84	124
	<u>84</u>	<u>124</u>
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Auditor's remuneration - audit of the financial statements	20	18
	<u>20</u>	<u>18</u>
Auditor's remuneration - other fees:		
- Taxation	41	78
- Other services	43	46
	<u>84</u>	<u>124</u>

**5. Employees**

The average number of persons (excluding members) employed by the LLP during the year was 35 (2020: 42).

Staff costs for the above persons:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	9,313	8,580
Social security costs	1,442	1,396
Other pension costs	200	244
	<u>10,955</u>	<u>10,220</u>

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**6. Tangible fixed assets**

	<b>Leasehold Property £'000</b>	<b>Fixtures &amp; Fittings £'000</b>	<b>Equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 January 2021	1,400	1,006	858	3,264
Additions	38	-	-	38
Disposals	(723)	-	(62)	(785)
At 31 December 2021	<u>715</u>	<u>1,006</u>	<u>796</u>	<u>2,517</u>
<b>Depreciation</b>				
At 1 January 2021	1,098	630	843	2,571
Charge for the year	194	144	-	338
Disposals	(723)	-	(62)	(785)
At 31 December 2021	<u>569</u>	<u>774</u>	<u>781</u>	<u>2,124</u>
<b>Net book value</b>				
At 31 December 2021	<u>146</u>	<u>232</u>	<u>15</u>	<u>393</u>
At 31 December 2020	<u>302</u>	<u>376</u>	<u>15</u>	<u>693</u>

**7. Investments**

**Subsidiary company**

**Subsidiary company**

<b>Cost</b>	<b>£'000</b>
At 31 December 2021 and 31 December 2020	<u>10</u>
<b>Net book value</b>	
At 31 December 2021 and 31 December 2020	<u>10</u>

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

<b>Subsidiary undertaking</b>	<b>Registered Office</b>	<b>Proportion of voting rights and shares held</b>	<b>Nature of business</b>
AQR Capital Management (DK Service) ApS	Knud Højgaards Vej 9 2860 Søborg Denmark	Ordinary 100 shares	Provision of product support and development

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**8. Debtors**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	712	671
Amounts owed by group undertakings	13,981	16,108
VAT recoverable	43	14
Other debtors	454	431
Prepayments and accrued income	178	133
	<u>15,368</u>	<u>17,357</u>

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

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Other debtors	<u>211</u>	<u>408</u>

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

**9. Creditors**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
PAYE and social security	798	691
Accruals and deferred income	4,701	3,878
	<u>5,499</u>	<u>4,569</u>

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

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Accruals and deferred income	<u>79</u>	<u>151</u>

Accruals and deferred income falling due after more than one year relates to lease restoration costs.

**10. Retirement benefits schemes**

The LLP makes contributions to a defined contribution pension scheme and the charge in the profit or loss represents the amounts payable by the LLP to the scheme which, in respect of the reporting year, amounts to £200,000 (2020: £244,000). Contributions outstanding at the year-end amount to £25,000 (2020: £nil).

**AQR CAPITAL MANAGEMENT (EUROPE) LLP**  
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**11. Financial instruments**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Carrying amount of financial assets</b>		
Measured at amortised cost		
- Debtors	<u>15,147</u>	<u>17,210</u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost		
- Creditors	<u>4,544</u>	<u>3,793</u>

**12. Commitments under operating leases**

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

	<b>Land and buildings 2021</b>	<b>Land and buildings 2020</b>
	<b>£'000</b>	<b>£'000</b>
Amounts due:		
Within one year	351	535
Between one and five years	<u>944</u>	<u>1,296</u>
	<u>1,295</u>	<u>1,831</u>

**13. 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 US.

**14. Loans and other debts due to members**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed to members in respect of profits	<u>12,673</u>	<u>12,444</u>

During the year, £2,899,000 (2020: £6,142,000) was withdrawn as drawings by members of the LLP.

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

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**15. Information in relation to members**

	<b>2021</b>	<b>2020</b>
The average number of members during the year was	<u>2</u>	<u>2</u>
	<b>£'000</b>	<b>£'000</b>
Profit attributable to the member with the highest entitlement	<u>3,097</u>	<u>2,959</u>

**16. Notes to the statement of cash flows**

Reconciliation of profit to net cash generated from (used in) operations:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Operating profit for the year	3,128	4,118
Adjustments for:		
Depreciation	338	339
Operating cash flows before movements in working capital	<u>3,466</u>	<u>4,457</u>
(Increase) decrease in trade and other debtors	1,989	384
Non-cash change in debtors and creditors	(2,538)	(5,000)
Increase (decrease) in trade and other creditors	930	(519)
	<u>3,847</u>	<u>(678)</u>

Analysis of changes in net debt:

	<b>At 1 January</b>		<b>Other non-cash</b>	<b>At 31 December</b>
	<b>2021</b>	<b>Cash flows</b>	<b>changes</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	7,797	3,448	-	11,245
Borrowings	-	-	-	-
	<u>7,797</u>	<u>3,448</u>	<u>-</u>	<u>11,245</u>

**17. Capital commitments**

Amounts contracted for but not provided in the financial statements amounted to £nil (2020: £nil).



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

The LLP's ultimate parent undertaking is AQR Capital Management Group GP, LLC, a limited liability company formed in the United States of America.

The LLP's immediate parent undertaking is AQR Capital Management (UK Services) Limited by virtue of its 99% voting 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 Holdings, LLC, a limited liability company formed in Delaware, United States of America.

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