

Caxton Europe LLP

Members' Report and Financial Statements

31 December 2018

Registered No. OC345117



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Caxton Europe LLP

Registered No: OC345117

Designated Members

Caxton Europe Asset Management Limited
Andrew Law

Auditor

Ernst & Young LLP
25 Churchill Place
London E14 5EY

Bankers

HSBC
95 Gracechurch Street
London EC2Y 9SS

Solicitors

Simmons & Simmons
CityPoint
One Ropemaker Street
London EC2Y 2SS

Registered Office

40 Berkeley Square
London W1J 5AL

Members' Report

The members present their report and financial statements of Caxton Europe LLP (the "LLP") for the year ended 31 December 2018.

Results and distribution

The loss for the year amounted to £3,959,867 (2017 profit: £7,274,871). During the year, the LLP allocated £3,959,867 (2017: £7,274,871) of its loss to its members.

Principal activity and review of the business

The principal activity of the LLP is to provide sub-investment management services as delegated by Caxton Associates LP to five clients of Caxton Associates LP: Caxton International Limited, CX Global Equities Limited, CX Global Advantage Limited, CX Global Opportunities Limited and CX Macro Limited.

The LLP is authorised to conduct investment business by the Financial Conduct Authority. Caxton Europe Asset Management Limited incurs most of the expenditure relating to the LLP and provides support services to the LLP. The LLP will reimburse Caxton Europe Asset Management Limited for these services on a regular basis. The LLP receives fees for services provided to its client.

Future development

Two new members have been admitted to the partnership as at the date of this report. There are no plans which will significantly change the activities and risks of the LLP.

Principal risks and uncertainties

Given that the LLP's revenue is entirely derived from Caxton Associates LP, the LLP's principal risks relate to the credit default and liquidity risks associated with receipt of income on a timely basis from this counterparty. These risks are managed through regular dialogue with Caxton Associates LP, which is also the ultimate controlling party of the LLP, to ensure that the LLP maintains sufficient working capital to meet its liabilities as they fall due.

From an operational perspective, the key risk relates to the potential for non-compliance with the regulations issued by the Financial Conduct Authority that could lead to the LLP being subject to a fine or a ban on trading activities. This is managed through regular review of the LLP's compliance framework by senior management.

The members of the LLP continue to monitor actively the process for the United Kingdom's proposed withdrawal from the European Union ("Brexit") and continue to consider the potential implications of Brexit on the operations of the LLP. In this regard, the members note the decision of the European Union to extend the deadline for Brexit until 31 October 2019 with the proposed terms of the United Kingdom's withdrawal remaining uncertain.

The members expect that the Brexit process will continue to create uncertainty in financial markets and amongst investors, which may result in volatility in terms of assets under management (either due to investor withdrawals or due to negative performance). However, the members note that the LLP's funds are globally diversified in terms of investment strategy with no specific exposure to the UK. Therefore, whilst the LLP may experience some revenue volatility due to underlying fund performance as a result of Brexit, the members do not expect the immediate direct financial impact on the LLP to be significant.

Depending on the terms of the Brexit withdrawal agreement, the members note that Brexit may have implications on both the scope of the LLP's regulated permissions (by potentially limiting the activities that the LLP is able to perform on behalf of investors) as well as to the personal circumstances of the LLP's members and employees (by restricting or adversely impacting the ability of non-UK Nationals to live and work in the United Kingdom post Brexit). The members of the LLP will continue to monitor these circumstances and take action as appropriate.

Members' Report

Policy for members' drawings, subscriptions and repayments of members' capital

Policies for members' drawings, subscriptions and repayment of members' capital are governed by the Fourth Amended and Restated Partnership Deed ("LLP Agreement") dated 31 December 2014.

Members' profit allocation

Profit allocations are recognised on a discretionary basis when formally approved by the members of the LLP.

Going concern

The financial position of the LLP and its liquidity are reflected in the statement of financial position. The LLP has sufficient financial resources as the related management fees will be sufficient to cover all cost.

The members have assessed the going concern of the LLP and concluded that there are no material uncertainties that may cast significant doubt about the LLP's ability to continue as a going concern. Thus they continue to adopt a going concern basis of accounting in the financial statements.

Designated members

The Designated Members of the LLP for the year and at the date of this report were as follows:

Caxton Europe Asset Management Limited
Andrew Law

Disclosure of information to the auditors

So far as each person who was a designated member at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. The Designated Members have taken all steps that they ought to have taken as Designated Members in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of this information

Auditor

Ernst & Young LLP will be proposed for reappointment by the members. The auditor, Ernst & Young LLP, has indicated willingness to continue in office. The designated members will propose a motion re-appointing the auditors at a meeting of the members

On behalf of the Designated Member



Director, Matthew Wade
For and on behalf of Caxton Europe Asset Management Limited

Date: 11 October 2019

Statement of Members' Responsibilities

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

Legislation applicable to limited liability partnerships (Companies Act 2006 as modified by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) requires the designated members to prepare financial statements for each financial year. Under the law, Designated Members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including FRS 102 'The Financial Reporting Standard' applicable and applicable law. Under this legislation the Designated 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 LLP and of the profit or loss of the LLP for that year. In preparing those financial statements, the Designated Members are required to:

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAXTON EUROPE LIMITED LIABILITY PARTNERSHIP

Opinion

We have audited the financial statements of Caxton Europe LLP (limited liability partnership) for the year ended 31 December 2018 which comprise the statement of comprehensive income, the statement of changes in equity, the statement of financial position and the related notes 1 to 10, 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 31 December 2018 and of its loss for the year then ended;
- ▶ have been properly prepared in accordance with FRS 102; 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.

Other matters

This audit report, which is not modified, replaces in its entirety our audit report issued on the 25 April 2019. The replacement report arises from changes made to the financial statements as disclosed in Note 1.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the members' report set out on pages 4-5, other than the financial statements and our auditor's report thereon. The members are responsible for the other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of members

As explained more fully in the Statement of Members' Responsibilities set out on page 6, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

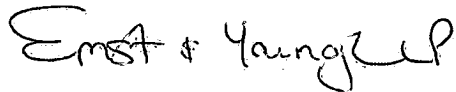
Auditor's responsibilities for the audit of the financial statements

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

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

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.

A handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, flowing style.

Denise Davidson (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
11 October 2019

Statement of Comprehensive Income

for the year ended 31 December 2018

	Notes	2018 £	2017 £
Income			
Turnover	2	12,398,543	34,011,059
Administrative Expenses		<u>(16,691,129)</u>	<u>(26,832,946)</u>
Operating (loss)/profit	3	(4,292,586)	7,178,113
Associate share of profit		-	128,573
Gain/(loss) of foreign exchange		<u>332,719</u>	<u>(31,815)</u>
(Loss)/profit for the financial year available for discretionary division among members		<u><u>(3,959,867)</u></u>	<u><u>7,274,871</u></u>

There was no other comprehensive income for 2018 (2017: nil).

All amounts are in respect of continuing activities.

The accompanying notes 1 to 10 form an integral part of these financial statements.

Caxton Europe LLP

Registered No: OC345117

Statement of Changes in Equity

at 31 December 2018

	Members' capital	Other reserves	Total members' capital interests	Loans and other debts due to/(from) members	Members' total interests
	£	£	£	£	£
At 1 January 2017	4,036,487	-	4,036,487	115,708,644	119,745,131
Capital contributions	-	-	-	-	-
Return of capital	(2,250)	-	(2,250)	-	(2,250)
Distributions	-	-	-	(130,616,973)	(130,616,973)
Profit for the year	-	7,274,871	7,274,871	-	7,274,871
Profit allocation	-	(7,274,871)	(7,274,871)	7,274,871	-
Payment on behalf of LLP by members	-	-	-	26,772,257	26,772,257
At 31 December 2017	<u>4,034,237</u>	<u>-</u>	<u>4,034,237</u>	<u>19,138,799</u>	<u>23,173,036</u>
Capital contributions	-	-	-	-	-
Return of capital	-	-	-	-	-
Distributions	-	-	-	(32,054,691)	(32,054,691)
Loss for the year	-	(3,959,867)	(3,959,867)	-	(3,959,867)
Loss allocation	-	3,959,867	3,959,867	(3,959,867)	-
Payment on behalf of LLP by members	-	-	-	16,621,475	16,621,475
At 31 December 2018	<u>4,034,237</u>	<u>-</u>	<u>4,034,237</u>	<u>(254,285)</u>	<u>3,779,952</u>
Amount due from members				7,564,806	
Amount due to members				<u>(7,310,521)</u>	
				<u>254,285</u>	

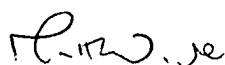
The accompanying notes 1 to 10 form an integral part of these financial statements.

Statement of Financial Position

for the year ended 31 December 2018

	Notes	2018 £	2017 £
Current assets			
Debtors	5	6,860,916	11,872,254
Loans and other debts due from members		7,564,806	-
Cash		4,614,240	11,349,589
		<u>19,039,963</u>	<u>23,221,843</u>
Current liabilities			
Creditors: <i>amounts falling due within one year</i>	6	(7,695,205)	(48,807)
Loans and other debts due to members		(7,310,521)	(19,138,799)
Net assets attributable to members		<u>4,034,237</u>	<u>4,034,237</u>
Represented by:			
Members' capital classified as equity under FRS 102 section 22		<u>4,034,237</u>	<u>4,034,237</u>
Members' capital interests		<u>4,034,237</u>	<u>4,034,237</u>
Total members interest			
Loans and other debts to members		(254,285)	19,138,799
Members' capital interests		<u>4,034,237</u>	<u>4,034,237</u>
		3,779,952	23,173,036

The financial statements were approved and authorised for issue by the Members on 11 October 2019.



Director, Matthew Wade
For and on behalf of Caxton Europe Asset Management Limited

The accompanying notes 1 to 10 form an integral part of these financial statements.

Notes to the Financial Statements

at 31 December 2018

1. Accounting policies

Statement of compliance

Caxton Europe LLP is a limited liability partnership incorporated and domiciled in United Kingdom. The registered office of the LLP is 40 Berkeley Square, London W1J 5AL.

The LLP's financial statements have been prepared in accordance with FRS 102 as it applies to these financial statements for the year ending 31 December 2018 and 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.

On 25 April 2019, the directors approved the financial statements for the year ended 31 December 2018 and submitted to the Financial Conduct Authority ('FCA'). Subsequent to 25 April 2019, the directors became aware of adjustments to amounts previously booked in the books of the LLP and a decision was taken to amend the previously issued financial statements as a result. These financial statements replace those approved on 25 April 2019.

Basis of preparation

The financial statements have been prepared under the historical cost conventions and on a going concern basis, in compliance with FRS 102, the Companies Act 2006 as applied by LLPs and the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' issued in January 2017.

Statement of cash flows

The LLP, as a qualifying entity, has taken advantage of the exemption in section 7 of FRS 102 from the requirement to prepare a statement of cash flows.

Judgement and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Financial instruments

The LLP holds cash at a major institution.

Turnover

Revenue from fees received based on the sub-investment agreement with Caxton Associates LP and profit allocation from Caxton Associates Capital LP are recognised when the LLP is entitled to receive such payment.

Foreign currencies

The functional and presentational currency of the LLP is pound sterling (GBP). Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken to the Statement of Comprehensive Income.

Taxation

No provision has been made for taxation in the financial statements. Each member is exclusively liable for any tax liabilities arising out of their interest in the LLP, which will be assessed on the individual partners and not on the LLP.

Notes to the Financial Statements

at 31 December 2018

1. Accounting policies (continued)

Cash at bank

Cash is represented by cash in hand 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.

Debtors

Short term debtors are measured at transaction price, which equates to the amount expected to be received by the LLP in respect of services provided by the LLP as at the statement of financial position date, less any impairments. 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.

Creditors

Short term debtors are measured at transaction price, while Short term creditors are measured at the transaction price, which equates to the amount expected to be paid by the LLP to settle the obligation. 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.

Members' profit allocations

Discretionary and non-discretionary profit allocations are recognised when formally approved by the Managing member in accordance with the Partnership Agreement. Accordingly, Members' remuneration is shown as a deduction from Members' interests. Any cash drawings withdrawn from the LLP by Members in advance of a discretionary profit allocation are recognised as a loan due from Members. Where profit allocations exceed drawings made by Members, this is represented as a loan amount due to Members of the LLP.

Associate share of profit

Share of associate profit is recognised when declared and allocated.

Expenses

Expenses incurred have been recognised on an accrual basis.

Reserves

Members' capital represents those amounts introduced by the Members of the LLP to be used in business operations. All amounts credited to each member's capital account shall be immediately and fully available to the LLP for unrestricted use to cover risks and losses as and when they may occur.

Future capital contributions and withdrawals' and also 'other reserves

Future capital contributions and withdrawals are permitted as outlined by the partnership agreement. Other reserves represent the unallocated profits or losses from operations of the year.

2. Turnover

Turnover of the LLP represents fees received based on the sub-investment agreement with Caxton Associates LP and profit allocation from Caxton Associates Capital LP.

Notes to the Financial Statements

at 31 December 2018

3. Operating profit

This is stated after charging expenses which are incurred by Caxton Europe Asset Management Limited on behalf of the LLP.

	2018	2017
	£	£
Auditors' remuneration		
Fees payable for the audit of annual accounts	26,667	18,333
Fees payable for taxation services	<u>25,222</u>	<u>25,222</u>

4. Members' remuneration

	2018	2017
	£	£
Members' remuneration attributable to the member with the largest entitlement	<u>1,078,138</u>	<u>4,300,011</u>

The average number of members in the year was 7 (2017: 10).

5. Debtors

	2018	2017
	£	£
Amounts due from group undertaking (Caxton Associates LP)	6,860,916	11,868,414
VAT Receivable	-	3,840
	<u>6,860,916</u>	<u>11,872,254</u>

6. Creditors: amounts falling due within one year

	2018	2017
	£	£
Accruals and other payables	68,077	48,807
Due to Caxton Associates LP	<u>7,627,127</u>	-
	<u>7,695,205</u>	<u>48,807</u>

Notes to the Financial Statements

at 31 December 2018

7. Financial commitments and contingencies

There are no other financial commitments or contingencies.

8. Related party transactions

During the year, the LLP received management fees from Caxton Associates LP of £12,398,543 (2017: £34,011,059) related to sub-investment management services to Caxton International Limited and CX Global Advantage Ltd, CX Global Opportunities Limited, CX Macro Limited and CX Global Equities Ltd. At the statement of financial position date the amount due to the LLP from Caxton Associates LP was £6,860,916 (2017: £11,868,414) while the amount due to Caxton Associates LP from the LLP was £7,627,127 (2017: Nil).

Expenses of £16,621,476 (2017: £26,772,257) were borne on behalf of the LLP by Caxton Europe Asset Management Limited. At the balance sheet date the amount due from the LLP to Caxton Europe Asset Management Limited was £5,889,550 (2017: £13,858,132).

9. Key management personnel

The members are the only key management personnel of the Partnership and the aggregate of transactions with members in the capacity as members is disclosed in the Statement of Changes in Equity' on page 11.

10. Ultimate parent undertaking and controlling party

Caxton Associates LP, a limited partnership formed and operated in the United States, is the ultimate controlling party.

The immediate parent undertaking of the LLP is Caxton Europe Asset Management Limited which has included the LLP in its consolidated financial statements, which are publicly available, and may be obtained from 40 Berkeley Square, London W1J 5AL, United Kingdom.