

Registered No: OC360308

ALIXPARTNERS UK LLP
ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2021

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ALIXPARTNERS UK LLP

CONTENTS

	Page
LLP Information	3
Strategic Report	4-6
Members' Report	7-8
Auditor's Report	9-12
Statement of Comprehensive Income	13
Statement of Financial Position	14
Statement of Changes in Members' Interests	15
Notes to the Financial Statements	16-37

ALIXPARTNERS UK LLP

LLP INFORMATION

DESIGNATED MEMBERS

AlixPartners Limited
Eric Benedict

REGISTERED NUMBER

OC360308

REGISTERED OFFICE

6 New Street Square
London
EC4A 3BF

INDEPENDENT AUDITOR

Mazars LLP
30 Old Bailey
London
EC4M 7AU

ALIXPARTNERS UK LLP

STRATEGIC REPORT

The members present their Strategic Report for AlixPartners UK LLP (the "LLP") for the year ended 31 December 2021.

PRINCIPAL ACTIVITY

The principal activity of the LLP is that of consultancy services to assist clients in managing operational and financial challenges. The LLP is a Limited Liability Partnership incorporated and registered in England and Wales. The LLP is a subsidiary of AlixPartners Limited.

REVIEW AND ANALYSIS OF THE BUSINESS DURING THE CURRENT YEAR

Key performance indicators

The key financial performance indicators of the LLP are well known and monitored by Management monthly, they include: revenue growth and profit before tax. The main non-financial KPI is headcount.

Development and financial performance during the year

The LLP performance recorded in 2021 saw a decrease in revenue as shown in the Statement of Comprehensive Income. The LLP's revenue for the year ended 31 December 2021 has decreased 2.3% to £166.3M (2020: £170.2M) primarily driven by a softness in the UK restructuring market throughout 2021 which impacted activity of the UK team. In the same period operational costs increased 16.1% to £132.8M (2020: £114.4M). The increased headcount year on year drove a £3.7M increase in employee costs, and with the easing of COVID-19 restrictions and resulting increase in staff mobility, group employee sharing recharges for cross staffing saw an increase of £8.4M. Results were also impacted by significant movements in the foreign exchange position, of which the majority is unrealised.

With the decrease in revenue and increase in operational costs, profits on ordinary activities before taxation have decreased by £21.8M from £50.7M in 2020 to £28.9M.

Demand for the LLP's services is very dependent on the overall business cycle, and thus subject to variation.

The strategic priorities of the LLP are its staff and its offering:

- The focus on recruiting the best staff in the market is driven by an extensive recruitment process and testing.
- A major aspect in managing the recruitment costs remains the LLP's capacity to maintain high motivation and create an environment where talented people can excel and get rewarded accordingly.
- The LLP continues to develop capabilities and expertise to meet client needs, and provide quality, meaningful and relevant insights.
- Our major differentiator in the market is our ability to build multidiscipline senior teams.

Financial position at the reporting date

The Statement of Financial Position shows that the LLP's total asset position has increased by £24.2M to £190.0M during the year. This has been driven by an increase in trade receivable £5.5M, amounts recoverable on contracts £4M, group/member receivables £6.6M and cash £10.1M.

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE BUSINESS

The Executive Committee continually monitors the key risks facing the LLP together with assessing the controls used for managing these risks. The Executive Committee formally reviews and documents the principal risks facing the business at least annually.

The principal risks and uncertainties facing the LLP are as follows:

- COVID-19 – The COVID-19 outbreak had a notable impact on general economic conditions, including but not limited to the temporary closures of many businesses; governmental regulations; and reduced consumer spending due to both job losses and other effects attributable to COVID-19. With the roll-out of vaccine programs, restrictions began to ease in the second half of 2021 and the recovery phase has coincided with an increase in the demand for goods and services. The continued impact of COVID-19 on our business operations, including the impact on overall client demand is continually monitored by management.
- Brexit – The UK Brexit transition period ended on 31 December 2020 and new rules apply from 1 January 2021. Management considers the key risk is the implication for employment practices and the impact on staff mobility in and out of the EU.
- Competitor pressure – the market in which the LLP operates is considered to be relatively competitive, and therefore competitor pressure could result in losing sales to key competitors. Mainstream consulting groups are creating some specific offerings to try and compete in the niche area of the market.
- Loss of key personnel – this would present significant difficulties for the LLP. Management seeks to ensure that key personnel are appropriately remunerated to ensure that good performance is recognised and key staff retained.
- Reliance of key accounts – exposure to over reliance of a few large accounts to maintain the LLP's KPIs and revenue growth. The LLP manages this risk by ensuring there is enough breadth in its client base and maintaining a pipeline of potential and new clients.
- Liquidity and cash flow risk – the LLP produces cash flow forecasts covering a twelve month period to manage its liquidity requirements. The LLP's management and board review these forecasts regularly.
- Interest rate risk – the LLP has interest bearing assets and liabilities. Interest bearing assets include cash balances that earn interest at a floating rate. Interest bearing liabilities are at a fixed rate and there is limited interest rate risk faced by the LLP.
- Currency risk – an increasing value of income and expenses are denominated in foreign currencies. The LLP does not have a strategy to manage transactional currency exposure on an active basis as the members believe the risks associated with currency exposure would be no greater than the risks associated with entering into hedging arrangements, as the costs of hedging can be significant, which may be greater than the cost of the fluctuation in currency. Some of the LLP's assets and liabilities are denominated in foreign currency.
- Credit risk – The LLP's credit risk is primarily attributable to its trade receivables. Risks are mitigated by obtaining advances from customers together with regular monitoring of balances. In addition, the LLP has exposure to credit risk relating to the financial assets of the LLP including cash and deposits that are placed with financial institutions which are regulated. At the Statement of Financial Position date, the credit risk was concentrated with two financial institutions but the risk of default is considered minimal as the institutions are rated BBB/A+ by Standard & Poor's.

ALIXPARTNERS UK LLP

STRATEGIC REPORT (continued)

- Operational risk - The LLP has put in place measures to minimise and manage risks to the disruption of its business. This plan has been put in place to manage its strategic and operational business risks during emergencies and is aimed at bringing together particular responses such as IT disaster recovery, contingency plans, off-site storage of records, data back-up and recovery procedures, evacuation procedures and customer and staff communications. The LLP's insurance policies are reviewed each year prior to policy renewal.

APPROVAL

This report was approved on 12 December 2022 on behalf of the members by:

DocuSigned by:

Paul Thompson

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Paul Thompson
Director of Designated Member – AlixPartners Limited
6 New Street Square
London
EC4A 3BF

ALIXPARTNERS UK LLP

MEMBERS' REPORT

The members present their annual report and financial statements for AlixPartners UK LLP (the "LLP") for the year ended 31 December 2021.

MANAGEMENT

The LLP is led by the Executive Committee. The Executive Committee is responsible for developing and implementing strategy for the LLP. The LLP maintains liability insurance cover. Such insurance policies were renewed during the period and remain in force.

DESIGNATED MEMBERS

The designated members (as detailed in the Limited Liability Partnership Act 2000) during the period and up to the date of signing of the financial statements were:

AlixPartners Limited
Eric Benedict

MEMBERS' INTERESTS AND POLICY ON MEMBERS' DRAWINGS

The members have agreed a Members' Drawings Plan. Any profits or losses not allocated to other members under the Members' Drawings Plan and all capital profits and losses are allocated to AlixPartners Limited.

All members are required to subscribe to a fixed capital requirement on appointment. There is interest accrued on members' capital and no interest on the current account balances. On departure, a member will be entitled to a return of capital, including unpaid interest, and outstanding balances on the current account.

Individual members' entitlements under the Members' Drawings Plan are subject to annual review and agreement with the designated members. Remuneration to members which arises from a contractual obligation is charged to the Statement of Comprehensive Income as "members' remuneration charged as an expense". Contractual obligations comprise fixed non-discretionary profit share arrangements. Discretionary profit share arrangements are allocated to members in accordance with the LLP Agreement.

BRANCHES

The LLP operates a branch in Dubai, UAE.

POLITICAL DONATIONS

The LLP made no donations for political purposes (2020: nil).

POST BALANCE SHEET EVENTS

Other than the item disclosed in note 25, there have been no significant events between the year end and the date of approval of these accounts which would require a change or disclosure in the accounts.

GOING CONCERN

The financial statements have been prepared on a going concern basis as the Executive Committee has reasonable expectation that the LLP has adequate financial resources and continued support from the Group to meet its operational needs for at least the next 12 months.

ALIXPARTNERS UK LLP

MEMBERS' REPORT (continued)

STATEMENT OF MEMBERS' RESPONSIBILITIES

Company law as applied to Limited Liability Partnerships, require the members to prepare financial statements for each financial year that 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 period. Under that law the members have elected to prepare financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 "Reduced Disclosure Framework (FRS 101)".

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

- select suitable accounting policies and then apply them consistently, subject to any changes disclosed and explained in the financial statements;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The members are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the Companies Act 2006, as applied to Limited Liability Partnerships. They are also responsible for safeguarding the assets of the LLP and for taking reasonable steps for the prevention and detection of fraud and other irregularities. These responsibilities are fulfilled by the Executive Committee on behalf of the members. The Executive Committee confirms that it has complied with the above requirements in preparing the financial statements.

AUDITOR

Mazars LLP was appointed auditor to the LLP for the year ended 31 December 2021 and will be re-appointed for the year ending 31 December 2022.

STATEMENT OF DISCLOSURE TO AUDITOR

Each of the persons who is a member at the date of approval of this annual report confirms that:

- (a) so far as that LLP member is aware, there is no relevant audit information of which the LLP's auditor is unaware; and
- (b) they have taken all the steps that they ought to have taken as a member in order to make themselves aware of any relevant audit information and to establish that the LLP's auditor is aware of that information.

On behalf of the members

DocuSigned by:
Paul Thompson

Paul Thompson

Director of Designated Member – AlixPartners Limited

12 December 2022

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ALIXPARTNERS UK LLP**

Opinion

We have audited the financial statements of AlixPartners UK LLP (the 'LLP') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Members' Interests and the notes to the financial statements, 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, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the LLP 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; 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. We are independent of the LLP in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the LLP'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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ALIXPARTNERS UK LLP (continued)**

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 as applied to limited liability partnerships requires us to report to you if, in our opinion:

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

Responsibilities of members

As explained more fully in the Members' Responsibilities Statement set out on page 8, 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 LLP'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 LLP or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ALIXPARTNERS UK LLP (continued)**

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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the LLP and its industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, and money laundering and we considered the extent to which non-compliance might have a material effect on the financial statements.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the LLP is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the LLP which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the Companies Act 2006 as applied to limited liability partnerships.

In addition, we evaluated the members' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to unbilled income provisions, and significant one-off or unusual transactions.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ALIXPARTNERS UK LLP (continued)**

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the members and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

This report is made solely to the LLP's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP's members as a body for our audit work, for this report, or for the opinions we have formed.

Neale Bussey

Neale Bussey (Dec 16, 2022 16:09 GMT)

William Neale Bussey (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey
London
EC4M 7AU
Date Dec 16, 2022

ALIXPARTNERS UK LLP

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Revenue	3	166,264	170,185
Client expenses and disbursements		(1,482)	(2,051)
Net revenue		164,782	168,134
Operating costs		(132,760)	(114,380)
Operating profit	6	32,022	53,754
Finance revenue	7	1	16
Finance costs	8	(2,915)	(3,055)
Other income		21	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		29,129	50,715
Taxation on profit on ordinary activities	9	(241)	(772)
PROFIT FOR THE PERIOD BEFORE MEMBERS' REMUNERATION AND PROFIT SHARE		28,888	49,943
Members' remuneration charged as an expense	5	(28,888)	(49,943)
PROFIT FOR THE PERIOD AVAILABLE FOR DIVISION AMONG MEMBERS		-	-
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD AVAILABLE FOR DIVISION AMONG MEMBERS		-	-

The notes on page 16 to 37 form part of these financial statements.

ALIXPARTNERS UK LLP

STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

Company number: OC360308

ASSETS	Note	2021 £'000	2020 £'000
Non-current assets			
Goodwill	10	38,786	38,786
Intangible assets	11	80	178
Property, plant and equipment	12	3,585	4,717
Right of use assets	13	1,002	1,136
Trade and other receivables	14	1,558	156
		<u>45,011</u>	<u>44,973</u>
Current assets			
Trade and other receivables	15	103,027	88,874
Cash and cash equivalents	16	41,984	31,947
		<u>145,011</u>	<u>120,821</u>
Total assets		<u>190,022</u>	<u>165,794</u>
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	17	71,194	60,337
Lease liability – short term	18	519	491
		<u>71,713</u>	<u>60,828</u>
Non-current liabilities			
Trade and other payables	19	70,638	64,377
Lease liability – long term	18	526	582
Provisions for other liabilities and charges	20	156	153
		<u>71,320</u>	<u>65,112</u>
Net Assets attributable to members		<u>46,989</u>	<u>39,854</u>
Represented by:			
Loans and other debt due to members			
Members' capital classified as a liability		14,094	12,247
Equity			
Members' capital		-	-
Other reserves		32,895	27,607
		<u>46,989</u>	<u>39,854</u>
Total members' interests			
Members' capital		14,094	12,247
Amounts due to members (included in trade and other payables)		63,591	60,464
Amounts due from members (included in trade and other receivables)		(41,827)	(23,016)
Other reserves		32,895	27,607
Total members' interests		<u>68,753</u>	<u>77,302</u>

The financial statements were approved and authorised for issue by the members of AlixPartners UK LLP and were signed on their behalf by:

DocuSigned by:
Paul Thompson
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Paul Thompson
Director of Designated Member – AlixPartners Limited
12 December 2022

The notes on page 16 to 37 form part of these financial statements.

ALIXPARTNERS UK LLP

STATEMENT OF CHANGES IN MEMBERS' INTERESTS**Year ended 31 December 2021**

	Members' other interests		EQUITY		DEBT		Total members' interests
	Members' capital (classified as equity) £'000	Reserves £'000	Total £'000	Loans and other amounts due to members less any amounts due from members included in debtors	Members' capital (classified as liability) £'000	Other amounts £'000	
Total members interests at 1 January 2020	-	23,625	23,625	282	41,830	42,112	65,737
Capital introduced by members during the year	-	-	-	12,290	-	12,290	12,290
Capital withdrawn by members during the year	-	-	-	(325)	-	(325)	(325)
Other advances to members during the year	-	-	-	-	(4,382)	(4,382)	(4,382)
Capital contribution	-	3,982	3,982	-	-	-	3,982
Total members interests at 31 December 2020	-	27,607	27,607	12,247	37,448	49,695	77,302
Total members interests at 1 January 2021	-	27,607	27,607	12,247	37,448	49,695	77,302
Capital introduced by members during the year	-	-	-	2,947	-	2,947	2,947
Capital withdrawn by members during the year	-	-	-	(1,100)	-	(1,100)	(1,100)
Other advances to members during the year	-	-	-	-	(15,684)	(15,684)	(15,684)
Capital contribution	-	5,288	5,288	-	-	-	5,288
Total members interests at 31 December 2021	-	32,895	32,895	14,094	21,764	35,858	68,753

The notes on page 16 to 37 form part of these financial statements.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 CORPORATE INFORMATION

AlixPartners UK LLP (the LLP) is a limited liability partnership incorporated and domiciled in England and Wales.

The LLP operates a branch in Dubai, UAE.

The address of the registered office is given on page 3 of the annual report. The nature of the LLP's operations and its principal activities are set out on pages 4 to 6.

2 ACCOUNTING POLICIES

Basis of preparation

Statement of compliance

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and those parts of the Companies Act 2006 applicable to Limited Liability Partnerships. The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the LLP's accounting policies.

Basis of measurement

The financial statements have been prepared under the historical cost convention.

Disclosure exemptions applied

The LLP has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS101, paragraph 8:

- (i) The requirement of IFRS 7 'Financial Instruments: Disclosures' relating to the disclosure of financial instruments and the nature and extent of risks arising from such instruments;
- (ii) The requirement of IFRS 13 'Fair Value Measurement' paragraphs 91 to 99 relating to the fair value measurement disclosures of financial assets and financial liabilities that are measured at fair value, such as the available for sale investments and derivative financial instruments;
- (iii) The applicable requirements of IAS 1 'Presentation of Financial Statements' relating to the disclosure of comparative information in respect of the number of shares outstanding at the beginning and end of the year (IAS 1.79(a)(iv)) and the reconciliation of the carrying amount of property, plant and equipment (IAS 16.73I);
- (iv) The applicable requirements of IAS 36 'Impairment of Assets' relating to the disclosures of estimates used to measure recoverable amounts;
- (v) The requirement of IAS 1 'Presentation of Financial Statements' paragraphs 134 to 136 relating to the disclosure of capital management policies and objectives;
- (vi) The requirements of IAS 7 'Statement of Cash Flows' and IAS 1 'Presentation of Financial Statements' paragraph 10(d), 111 relating to the presentation of a Cash Flow Statement;
- (vii) The requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31 relating to the disclosure of standards, amendments and interpretations in issue but not yet effective;
- (viii) The requirements of IAS 24 'Related Party Disclosures' paragraph 17 relating to the disclosure of key management personnel compensation and relating to the disclosure of related party transactions entered into between the LLP and other wholly-owned subsidiaries of the group; and

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021
(continued)**

2 ACCOUNTING POLICIES (continued)

- (ix) The requirements of paragraph 45(b) and 46-52 of IFRS 2 'Share Based Payments' because the share based payment arrangement concerns instruments of a group entity.

For the disclosure exemptions listed in points (i) to (iii), the equivalent disclosures are included in the consolidated financial statement of the group, AlixPartners Limited, which the LLP is consolidated into and that are publicly available from Companies House, Crown Way, Cardiff, CF14 3UZ.

The adoption of the new standards and interpretations in the year has not had a material impact on the LLP's financial statements. The adoption of the standards and amendments in future years is not expected to have a material impact on the LLP's financial statements.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Going concern

The financial statements have been prepared on a going concern basis as the Executive Committee has reasonable expectation that the LLP has adequate financial resources and continued support from the Group to meet its operational needs for at least the next 12 months.

Revenue recognition

Revenue represents amounts chargeable to clients for professional services rendered through the financial period. Revenue excludes value added tax and includes expenses recoverable from clients.

The LLP evaluates revenue from contracts with customers based on the five-step model under IFRS 15: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognise revenue when (or as) each performance obligation is satisfied. If, at the outset of an arrangement, it is determined that a contract with enforceable rights and obligations does not exist, revenue is deferred until all criteria for an enforceable contract are met. The LLP generates the majority of its revenue by providing consulting services to its clients. Most consulting service contracts are based on one of the following types of arrangements:

Time and expense arrangements require the client to pay based on the number of hours worked by revenue generating professionals at contractually agreed-upon rates. The LLP recognises revenue for these arrangements based on hours incurred at contracted rates utilising a right-to-invoice practical expedient, an election allowed under the standard, because the LLP has a right to consideration for services completed to date. When a time and expense arrangement includes a not-to-exceed "cap" amount and the LLP expects to perform work in excess of the cap, revenue is recognised up to the agreed cap amount specified by the client, based on the efforts or hours incurred as a percentage of total efforts or hours expected to be incurred (e.g. proportional performance method). Certain time and materials arrangements may be subject to third party approval, e.g., a court or other regulatory institution, with interim billing and payments made and received based upon preliminarily agreed upon rates. Revenue for these services is recorded based on the LLP's assessment of the expected probability of amounts ultimately to be agreed upon by the court or regulator. These assessments are made on a case-by-case basis depending on the nature of the engagement, client economics, historical experience and other appropriate factors.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021
(continued)**

2 ACCOUNTING POLICIES (continued)

Fixed fee arrangements require the client to pay a pre-established fee in exchange for a predetermined set of professional services. Revenue is recognised for these arrangements based on the proportional performance related to individual performance obligations within each arrangement, however, these arrangements generally have one performance obligation.

Performance-based or contingent arrangements represent forms of variable consideration. In these arrangements, fees are based on the attainment of contractually defined objectives, such as completing a business transaction or assisting the client in achieving a specific business objective. When the LLP's performance obligation(s) are satisfied over time, the transaction price is determined based on the expected probability of achieving the agreed-upon outcome and revenue is recognised by applying the proportional performance method to the extent it is probable that a significant reversal will not occur.

Certain revenues are based on units of data stored or processed. Unit-based revenues are recognized as services are provided, based on either the amount of data stored or processed, the number of concurrent users accessing the information or the number of pages or images processed for a client, and agreed-upon per unit rates.

Time-and-expense and fixed fee billing arrangements may include client incentives in the form of volume-based discounts, where if certain fee levels are reached, the client can receive future services at a discounted hourly rate. Contracts with customers that have a discounted pricing option are evaluated to determine whether they include a material right, which is an option that provides a customer the right to acquire free or discounted goods or services in the future. If the option provides a material right to the customer, a portion of the transaction price is allocated to the material right and revenue is deferred during the pre-discount period.

Reimbursable expenses, including those relating to travel, out-of-pocket expenses, outside consultants and other outside service costs, are generally included in revenues, and an equivalent amount of reimbursable expenses is included in costs of services in the period in which the expense is incurred.

Revenue recognised during the current period may include revenue recognised from performance obligations satisfied or partially satisfied in previous periods. This primarily occurs when the estimated transaction price has changed based on a re-assessment of the expected probability of achieving the agreed-upon outcome for our performance based and contingent arrangements, resulting in catch-up adjustment for service provided in previous periods.

Unfulfilled performance obligations represent the remaining contract transaction prices allocated to the performance obligations that are unsatisfied, or partially unsatisfied, and therefore revenues have not yet been recorded. Unfulfilled performance obligations primarily consist of the remaining fees not yet recognised under our proportional performance method for both our fixed fee arrangements, and the portion of performance based and contingent arrangements which we have deemed probable. The majority of our contracts include termination for convenience clauses which generally require 30 days' notice with no penalty. The notice period required determines the contract duration resulting in very few agreements which are contractually enforceable beyond one year. We elected to utilise the optional exemption to exclude from this disclosure, fixed fee and performance based and contingent arrangements with an original expected duration of one year or less and to exclude our time and expense arrangements for which revenues are recognised using the right to invoice practical expedient.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021
(continued)**

2 ACCOUNTING POLICIES (continued)

Contract assets are defined as assets for which revenue is recorded because it was determined highly probable that the LLP will earn a performance based or contingent fee, but is not yet entitled to receive the fees, because certain events, such as completion of the measurement period or client approval, must occur.

Contract liabilities are defined as liabilities incurred when consideration is received from a client but the agreed upon services have not yet been performed. This may occur when advance billings are received before delivery and when clients pay up-front fees before work begins.

Share based payments – employee services

Share interests in AlixPartners Holdings, LLP (“Parent”), granted by the Directors of that Company to members and employees of AlixPartners UK LLP are accounted for in the LLP’s accounts and included as a capital contribution from the Parent.

The fair value of employee services received in exchange for the grant of options or shares is recognised as an expense. The total amount to be expensed annually over the vesting period is determined by reference to the fair value of the options or shares determined at the grant date, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable and the number of shares that the employee will ultimately receive. This estimate is revised at each balance sheet date and the difference is charged or credited to the statement of comprehensive income.

Value Accumulation Plan (“VAP”)

The VAP is an employee benefit created in 2020 and offered to eligible employees with the intent of creating an economic stake in the Parent.

The fair value of employee services received in exchange for the VAP units granted is recognised as an expense, and the VAP liability is recorded in accruals and non-current liabilities in the balance sheet. The total amount to be expensed annually over the vesting period is determined by reference to the fair value of VAP units determined at grant date. The fair value of the VAP units are based on the estimated fair value of the shares held in the parent entity. The liability is remeasured at each reporting date and at settlement date so that the ultimate liability equals the cash payment on settlement date. Remeasurements of the liability are recognised in the statement of comprehensive income. Service conditions are included in assumptions about the number of units that are expected to vest. This estimate is revised at each balance sheet date and the difference is charged or credited to the statement of comprehensive income.

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill is recognised as an asset and is tested for impairment annually, or on such occasions that events or changes in circumstances indicate that its value might be impaired. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Intangible assets

Amortisation is provided based on the expected pattern of consumption of the future economic benefits embodied in the asset:

Computer software	3 years straight-line basis
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**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021
(continued)**

2 ACCOUNTING POLICIES (continued)

Impairment

At the reporting date, the LLP reviews the carrying amount of its tangible and intangible assets, including goodwill, to determine whether there is any indication that those assets have suffered an impairment loss or if events or changes in circumstances indicate that the carrying value may not be recoverable. The recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the LLP estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the impairment loss is recognised as an expense.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss treated as a revaluation increase. Impairment losses relating to goodwill are not reversed.

Depreciation of property, plant, and equipment

Depreciation is provided on property, plant, and equipment by equal instalments over their estimated useful lives on a straight-line basis:

Computer equipment	3 years
Fixtures, fittings, and equipment	1-10 years
Leasehold improvements	term of the lease

Leases

The LLP assesses whether a contract is or contains a lease, at inception of the contract. The LLP recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the LLP recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021
(continued)**

2 ACCOUNTING POLICIES (continued)

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The LLP remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The LLP did not make any such adjustments during the years presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the LLP incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the LLP expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021
(continued)**

2 ACCOUNTING POLICIES (continued)

The right-of-use assets are presented as a separate line in the statement of financial position. The LLP applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The LLP has used this practical expedient.

Pensions

The LLP operates defined contribution personal pension schemes for employees. The assets of the schemes are held separately from those of the LLP in independently administered funds. Contributions in respect of defined contribution plans are charged to profit or loss when they are payable. Members of the LLP are required to make their own provisions for pensions from their profit shares.

Provisions

Provisions for onerous contracts, restructuring costs and legal claims are recognised when: the LLP has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is assessed based on the impact on the class of obligations as a whole, even if the likelihood of an outflow with respect to any one individual item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that creates a residual interest in the assets of LLP.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021
(continued)**

2 ACCOUNTING POLICIES (continued)

Financial assets

Classification of financial assets depends on the purpose for which the financial assets were acquired. The LLP determines the classification of its financial assets at initial recognition.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for trade receivables is established by applying the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The expected loss rates are based on the payment profiles of sales over the prior year 12-month period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information affecting the ability of the clients to settle receivables. The amount of the provision is recognised in the statement of total comprehensive income.

Trade and other receivables are not amortised when the effect is immaterial.

Unbilled income consists of revenue for services performed but not yet billed to clients. The LLP estimates the allowance for unbilled income by reviewing client engagements and records a provision based on experience and knowledge of the client and historical collection patterns. Unbilled income is recognised in debtors as amounts recoverable on contracts.

Financial liabilities

Classification of financial liabilities depends on the purpose for which the financial liabilities arose. The LLP determines the classification of its financial liabilities at initial recognition.

Trade and other payables are initially recognised at fair value, which in most cases approximates to the nominal value.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, short term deposits and other short-term deposits and liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Foreign currencies

The financial statements are presented in Sterling which is the LLP's functional currency. Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the statement of financial position date. Any differences are taken to the statement of comprehensive income.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021
(continued)**

2 ACCOUNTING POLICIES (continued)

The average rate ruling in the accounting year was US\$1.38: £1 (2020: US\$1.28: £1), €1.16: £1 (2020: €1.13: £1), AED5.05: £1 (2020: AED4.71: £1); the rate ruling at the balance sheet date was US\$1.35: £1 (2020: US\$1.36: £1), €1.19: £1 (2020: €1.11: £1), AED4.97: £1 (2020: AED4.99: £1).

Taxation

The taxable profits of AlixPartners UK LLP are assessed on the members personally. The LLP is not therefore liable to tax on trading profits or investment income and no provision is made in the financial statements for the members' personal taxation and deferred taxation liabilities. Any residual charge represents taxes withheld on fees paid by clients in certain jurisdictions outside the UK, for services provided by the LLP, as mandated by the clients' local tax laws

Members' remuneration

Profits of the LLP for all accounting periods are automatically allocated between members in accordance with the provisions of the LLP Agreement. Remuneration to members which arises from a contractual obligation is charged to the Statement of Comprehensive Income as "members' remuneration charged as an expense". Contractual obligations comprise fixed non-discretionary profit share arrangements. Discretionary profit share arrangements are allocated to members in accordance with the LLP Agreement.

Members' interests

The LLP's objective when managing capital is to safeguard its ability to continue as a going concern so as to provide returns to members and benefits for other stakeholders. Capital comprises total members' interests which represents equity, members' capital and other amounts due to members, less amounts due from members.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount in revenue, expenses, assets and liabilities and the disclosure of contingent assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and expectations of future events that are considered reasonable in the circumstances. Actual results may differ from those estimated.

Critical judgements in applying the LLP's accounting policy

Revenue recognition

Revenue recognition can involve estimates of the total fees payable under contracts that involve variable consideration, allocations of the total fees among performance obligations and estimates regarding the portion of the contract completed. Management believes its assumptions and estimates are reasonable and appropriate.

Key sources of estimation uncertainty

Estimated useful lives and depreciation of property, plant and equipment

In assessing the estimated useful lives of property, plant and equipment, management takes into account factors such as the expected usage of the asset by the LLP based on past experience, the expected physical wear and tear (which depends on operational factors), technical obsolescence arising from changes or improvements in production or from a change in the market

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021
(continued)**

2 ACCOUNTING POLICIES (continued)

demand for the product or service output of the asset. The estimation of the useful life is a matter of judgement based on the experience of the LLP.

Management reviews the useful lives of property, plant and equipment annually and if expectations are significantly different from previous estimates, the useful lives and, therefore, the depreciation rates for the future periods are adjusted accordingly.

Expected credit losses

The provisions are determined by applying the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The expected loss rates are based on the payment profiles of sales over the prior year 12-month period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information affecting the ability of the clients to settle receivables. Whilst every attempt is made to ensure that the expected credit losses are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectible.

Unbilled income provisions

The provision is determined based on reviewing client engagements and recording a provision based on experience and knowledge of the client and historical collection patterns. The provisions are assessed by management on a regular basis to confirm adequacy of reserves. Whilst every attempt is made to ensure that the accrued income provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectible.

In the process of applying the LLP's accounting policies which are described above, management has not had to make any further significant judgements on the amounts recognised in the financial statements.

Nature and purpose of reserves

Members' capital

Members capital is classified as liabilities as capital is refundable to the members upon leaving the LLP. AlixPartners Limited has made a capital contribution to the LLP of £72,000. The capital contribution of all other members is set out in the Partnership agreement. Interest is earned on members' capital and paid quarterly.

Reserves

Capital contributions in relation to the share based payment plans are recorded directly in reserves.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

3 REVENUE

All revenue has been derived from the LLP's principal activity of consultancy services and has been generated as follows:

	2021 £'000	2020 *restated £'000
United Kingdom	95,592	101,762
Continental Europe	27,854	32,335
Rest of the World	41,336	34,037
	<u>164,782</u>	<u>168,134</u>

The prior year comparatives have been amended to disclose net revenue.

Included in revenue are amounts of approximately £10.8M (2020: £15.7M) arising on sales to the LLP's largest customer.

4 STAFF COSTS

Number of employees

The average number of employees during the period was 372 (2020: 344) classified as follows:

	2021 No.	2020 No.
Consultants	216	195
Administration	156	149
	<u>372</u>	<u>344</u>

Staff costs	2021 £'000	2020 £'000
Wages and salaries	85,330	73,438
Social security costs	6,273	6,183
Pensions	2,363	2,329
	<u>93,966</u>	<u>81,950</u>

5 MEMBERS' REMUNERATION

	2021 No.	2020 No.
Information in relation to members:		
The average number of members during the period was	<u>51</u>	<u>51</u>
	£'000	£'000
The amount of profit attributable to the member with the largest entitlement was	<u>3,154</u>	<u>8,736</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

5 MEMBERS' REMUNERATION (continued)

Members' remuneration charged as an expense in the year was £28.9M, which includes a loss allocation to the Corporate Member of £16.5M (2020: £49.9M, which includes a profit allocation to the Corporate Member of £8.7M).

Members are required to make their own provision for pensions from their profit shares. Any contributions by the LLP to the defined contribution pension policies held individually by members are accounted for as a distribution from current accounts.

Compensation expense for share-based awards attributable to members in the period was £4.9M (2020: £4.0M).

Profits of the LLP for all accounting periods are automatically allocated between members in accordance with the provisions of the LLP Agreement. Remuneration to members which arises from a contractual obligation is charged to the Statement of Comprehensive Income as "members' remuneration charged as an expense".

A detailed analysis of the movements in members' interests is set out in the statement of changes in interests on page 15. Loans and other debts due to members rank pari passu with unsecured creditors in the event of winding up. Members' other interests rank after unsecured creditors.

The amount of capital each member is required to subscribe is determined by AlixPartners UK LLP Board and, under the Members' Agreement of AlixPartners UK LLP, a member can only withdraw capital when he or she ceases to be a member.

6 OPERATING PROFIT

	2021 £'000	2020 £'000
Operating profit is stated after charging:		
Depreciation of property, plant and equipment	2,206	2,274
Amortisation	205	219
Auditor's remuneration – audit fees	113	90
Share option charge	5,288	3,955
Exchange differences	3,707	(2,340)
Depreciation expense on right of use assets	555	584
Loss on disposal of fixed assets	7	-
	<u>7</u>	<u>-</u>

7 FINANCE REVENUE

	2021 £'000	2020 £'000
Bank and other interest receivable	1	16
	<u>1</u>	<u>16</u>

8 FINANCE COSTS

	2021 £'000	2020 £'000
Bank and other interest payable	31	96
Interest expense on lease liabilities	13	21
Interest paid to parent undertaking	2,871	2,938
	<u>2,915</u>	<u>3,055</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

9 TAXATION

The taxable profits of AlixPartners UK LLP are assessed on the members personally. The LLP is not therefore liable to tax on trading profits or investment income and no provision is made in the financial statements for the members' personal taxation and deferred taxation liabilities. The residual charge in the year represents taxes withheld on fees paid by clients in certain jurisdictions outside the UK, for services provided by the LLP, as mandated by the clients' local tax laws

10 GOODWILL

	2021 £'000	2020 £'000
Cost		
At 1 January and 31 December	<u>38,786</u>	<u>38,786</u>
Impairment		
At 1 January and 31 December	<u>-</u>	<u>-</u>
Net Book Value		
At 31 December	<u>38,786</u>	<u>38,786</u>

The Goodwill arose on the acquisition of the Zolfo Cooper UK business and is allocated to the acquired turnaround and restricting practice. The Goodwill was reviewed for impairment at 31 December 2021 by looking at the 5 year future cash flow projections discounted at 11%. The recoverable amount was estimated to be in excess of the goodwill arising on acquisition.

Management's assumptions on which the cash flow projections have been completed have been based on key metrics and ratios of historic performance.

In accordance with the Group's accounting policy, the carrying values of goodwill are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. The carrying values are assessed for impairment purposes by calculating the net present value (NPV) of future cash flows arising from the original acquired businesses or from the business combinations subsequently created. The goodwill impairment review assessed whether the carrying value of goodwill was supported by the NPV of future cash flows based on management forecasts for 5 years from 2022 and a pre-tax discount rate of 11% based on the Group's estimated weighted average cost of capital. Cash flows beyond the 5-year period are extrapolated using long term growth rates to determine terminal value. Management have made the judgement that this long-term growth rate does not exceed the long-term average growth rate for the industry.

Sensitivity analysis was performed using different annual growth rates and a range of different weighted average cost of capital rates and period of forecast. Key sensitivities in assessing the value in use of goodwill are forecast cash flows and the discount rate applied. A 1% reduction in growth rate in forecast cash flows and a 1% increase in the discount rate applied would have no impact on carrying values.

NPV calculations have been run under several scenarios including change in discount rate, change in growth rates and period of forecasts, to test sensitivity of goodwill carrying values. Directors are of the view that growth based on projected increase in consultants is at the lower end of expectations of future performance based on historical results and the specific budgets and business plans of the CGU's.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021
(continued)
11 OTHER INTANGIBLE ASSETS

	Customer lists £'000	Computer software £'000	Total £'000
Cost			
At 1 January 2021	582	656	1,238
Additions	-	107	107
At 31 December 2021	<u>582</u>	<u>763</u>	<u>1,345</u>
Depreciation			
At 1 January 2021	582	478	1,060
Charge for the year	-	205	205
At 31 December 2021	<u>582</u>	<u>683</u>	<u>1,265</u>
Net book value			
At 31 December 2021	<u>-</u>	<u>80</u>	<u>80</u>
At 31 December 2020	<u>-</u>	<u>178</u>	<u>178</u>

Amortisation of £0.2M (2020: £0.2M) is included in operating costs.

12 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Computer equipment £'000	Assets in course of construction £'000	Total £'000
Cost					
At 1 January 2021	2,442	1,715	7,641	1,033	12,831
Additions	685	-	354	42	1,081
Transfer into service	84	23	816	(923)	-
Disposals	-	(10)	(15)	-	(25)
At 31 December 2021	<u>3,211</u>	<u>1,728</u>	<u>8,796</u>	<u>152</u>	<u>13,887</u>
Depreciation					
At 1 January 2021	1,258	534	6,322	-	8,114
Charge for the year	893	162	1,151	-	2,206
Arising on disposals	-	(10)	(8)	-	(18)
At 31 December 2021	<u>2,151</u>	<u>686</u>	<u>7,465</u>	<u>-</u>	<u>10,302</u>
Net book value					
At 31 December 2021	<u>1,060</u>	<u>1,042</u>	<u>1,331</u>	<u>152</u>	<u>3,585</u>
At 31 December 2020	<u>1,184</u>	<u>1,181</u>	<u>1,319</u>	<u>1,033</u>	<u>4,717</u>

No assets are secured.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021
(continued)

13 RIGHT OF USE ASSETS

Cost	Buildings £'000	Equipment £'000	Total £'000
At 1 January 2021	1,599	640	2,239
Additions	671	-	671
Disposals	(684)	-	(684)
At 31 December 2021	<u>1,586</u>	<u>640</u>	<u>2,226</u>
Accumulated depreciation			
At 1 January 2021	880	223	1,103
Charge for the year	429	126	555
Disposals	(434)	-	(434)
At 31 December 2021	<u>875</u>	<u>349</u>	<u>1,224</u>
Net book value			
At 31 December 2021	<u>711</u>	<u>291</u>	<u>1,002</u>
At 31 December 2020	<u>719</u>	<u>417</u>	<u>1,136</u>

The LLP leases several assets including building and IT equipment. The average lease term is 2.26 years (2020: 2.72 years).

The maturity analysis of lease liabilities is presented in note 18.

14 TRADE AND OTHER RECEIVABLES DUE AFTER MORE THAN ONE YEAR

	2021 £'000	2020 £'000
Other receivables	125	156
Amounts due from members	<u>1,433</u>	<u>-</u>
	<u>1,558</u>	<u>156</u>

Included within amounts due to members are sign on payments with a service requirement. The short-term portion is contained within amounts due from members within one year.

15 TRADE AND OTHER RECEIVABLES DUE WITHIN ONE YEAR

	2021 £'000	2020 £'000
Trade receivables	29,832	25,528
Trade receivables – provision	<u>(1,003)</u>	<u>(2,228)</u>
Trade receivables net	28,829	23,300
Amounts due from group undertakings	15,445	27,686
Other receivables	430	2,194
Amounts recoverable on contracts	14,457	10,520
Prepayments	3,473	2,158
Amounts due from members	<u>40,393</u>	<u>23,016</u>
	<u>103,027</u>	<u>88,874</u>

Amounts due from group undertakings are unsecured, interest free, have no fixed repayment date and are repayable on demand.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

15 TRADE AND OTHER RECEIVABLES DUE WITHIN ONE YEAR (continued)

Included within trade receivables is £2.43M (2020: £nil) due from the LLP's largest customer by revenue.

Before clients are taken on, a credit assessment is made and retainers obtained in the event of default. Provisions are determined based on management's specific review and assessment of the collectability of amounts recorded as receivables from clients.

16 CASH AND CASH EQUIVALENTS

	2021 £'000	2020 £'000
Cash at bank and in hand	<u>41,984</u>	<u>31,947</u>

17 TRADE AND OTHER PAYABLES DUE WITHIN ONE YEAR

	2021 £'000	2020 £'000
Trade payables	1,929	2,127
Taxation and other social security	9,975	7,657
Accruals	3,856	5,111
Deferred income	407	946
Amounts due to group undertakings	<u>55,027</u>	<u>44,496</u>
	<u>71,194</u>	<u>60,337</u>

Amounts due to group undertakings are unsecured, interest free and are repayable on demand. The members consider the carrying amount of trade and other payables approximate to their fair value.

18 LEASE LIABILITIES

	2021 £'000	2020 £'000
Analysed as:		
Non-current	526	582
Current	<u>519</u>	<u>491</u>
	<u>1,045</u>	<u>1,073</u>
Maturity analysis		
Year 1	527	504
Year 2	419	279
Year 3	111	204
Year 4	-	111
	<u>1,057</u>	<u>1,098</u>

The LLP does not face a significant liquidity risk with regard to its lease liability. Lease liabilities are monitored within the LLPs treasury function.

All lease obligations are denominated in GBP. At 31 December 2021, the LLP is committed to £nil for short-term leases (2020: £nil).

Total cash outflow for leases amounted to £0.59M (2020: £0.57M).

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021
(continued)

19 TRADE AND OTHER PAYABLES DUE AFTER MORE THAN ONE YEAR

	2021 £'000	2020 £'000
Accruals (note 22)	6,231	3,447
Taxation and social security	816	466
Amount due to members	63,591	60,464
	<u>70,638</u>	<u>64,377</u>

The amount due to members includes an intercompany facility for £63,591,359 (2020: £60,463,739) with interest charged at a rate of 4% + LIBOR p.a., which is due for repayment on 1 January 2026. The facility is unsecured.

20 PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	2021 £'000	2020 £'000
At 1 January	153	262
Additional provision in the period	3	2
Provision utilised in the year	-	(111)
At 31 December	<u>156</u>	<u>153</u>

The gross provision includes £0.15M (2020: £0.15M) for the expected rectification costs to be incurred on cessation of one of the leasehold property agreements.

21 PENSION COSTS

The pension cost represents contributions payable by the LLP to the funds and amounted to £2.4M (2020: £2.3M). Contributions totalling £nil (2020: £nil) were payable to the funds at the period end and are included in trade and other payables.

22 SHARE BASED PAYMENTS

2012 and 2017 LLP Interest and Option Plan

AlixPartners Holdings, LLP (the "Parent") established 2012 and 2017 LLP Interest and Option Plans to provide long-term incentives to Managing Directors by providing incentives through the granting of Common LLP Interests, Common Options, CUPi Options, and OPI Options. In addition, the Parent issued 192,983 Phantom CUPi and OPIs in replacement of 192,983 CUPi Options and OPI Options. The majority of these awards vest ratably over three or five years, and the options have no exercise price and a maximum 10-year exercise period. The exercise period is subject to the terms of the individual award agreements. These awards are accounted for as equity classified awards. All the awards are subject to a clawback feature that is subjective in nature.

In concert with the Investor Transaction, the Parent established the AlixPartners Equity Exchange ("APEX") program. As part of this program, the Parent may propose to offer, from time to time, to buy back equity from eligible MDs, subject to certain restrictions. The APEX program also defines circumstances under which the Parent will repurchase MD equity upon qualifying terminations. The repurchase price will be the average of the fair market values at different dates before and/or after the date of purchase, and payments will be made in instalments over the following 12 to 16 calendar quarters following the date of purchase as defined in the APEX agreement.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

22 SHARE BASED PAYMENTS (continued)

After a participant's termination and subject to meeting qualification requirements, the participant may tender their vested awards to the Parent. Payment for the repurchase will occur in instalments under the terms of the APEX agreement.

Alternatively, the Parent may repurchase a participant's awards after termination upon the later of six months and one day following vesting of an award or 60 days after the participant's termination under the terms of the Equityholders' Agreement or 2017 LLP Interest and Option Plan. Additionally, the LLP Interests contain certain repurchase provisions that could result in an award being settled for cash at less than fair value in the event of certain types of termination scenarios. The weighted average remaining contractual life of the options at the end of the year was 5.41 years (2020: 5.17 years).

Principles of option pricing theory were used to calculate the fair value of the grants.

Under this methodology, Common Interests, Common Options, CUPI Options, OPI Options, (collectively "Interests") are modelled as having distinct claims on the assets of the Partnership. Valuations are performed in order to estimate the fair value of Interests granted. The expected term of the Interests reflects the period during which the Interests are expected to be restricted.

The expected volatilities are developed using expected historical volatilities of similar publicly traded companies.

The risk-free rate is based on U.S. Treasury zero-coupon yield curves with a remaining term equivalent to the expected time period until a liquidity event (i.e., sale of the business or initial public offering). The discount for post-vesting restrictions was 22% (2020: 21%).

The fair values of Interests were estimated at the date of grant using the following key assumptions:

	Year Ended 31 December 2021	Year Ended 31 December 2020
Expected term	5.12 years	6.08 years
Expected volatility	45%	40%
Expected dividend yield	0.00%	0.00%
Risk-free rate	1.26%	0.5%

Value Accumulation Plan ("VAP")

The VAP is an employee benefit created in 2020 and offered to eligible employees with the intent of creating an economic stake in the Parent. Following a three-year eligibility period, VAP awards are granted annually to participants for seven years. Participant VAP award amounts are based on a predetermined percentage schedules which are applied to prior year participant earnings and converted into VAP units. VAP awards are subject to a seven-year vesting period. VAP unit values are indexed to the Parent total equity value and are subject to fluctuation according to changes in Partnership total equity value both before and after vesting.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021
(continued)**

22 SHARE BASED PAYMENTS (continued)

Vested VAP units are repurchased by the LLP upon qualifying termination of participant. Additionally, the LLP will repurchase a percentage of vested VAP shares annually, if applicable, based on a one-time participant election of 0%, 10% or 20% annual vested unit repurchase which is made at time of participant VAP plan eligibility. All repurchases are made with cash payment to participant.

Upon employee termination, all VAP units are either repurchased or forfeited and will result in no residual claim to the firm. VAP units cannot be converted to the Parent equity. VAP units hold no voting rights. The VAP liability was £6.4M at 31 December 2021 (2020:3.5M), of which £0.2M (2020: £0.1M) was recorded in accruals and £6.2M (2020: £3.4M) in non-current liabilities on the balance sheet. The LLP recorded VAP related expense of £3.1M for the year ended 31 December 2021 (2020: £3.5M).

ALIXPARTNERS UK LLP

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

23 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

Intercompany costs and revenues are for the provision of professional services between group undertakings.

Transactions with fellow group companies for the year ended 31 December 2021 are:

	Cost 2021 £'000	Revenue 2021 £'000	Receivable/(payable) at 2021 £'000
AlixPartners, LLP	20,038	2,086	(28,296)
AlixPartners Services, LLC	-	868	300
AlixPartners GmbH	5,390	5,682	(16,119)
AlixPartners Srl	536	2,873	661
AlixPartners Asia, LLC (Japan)	83	100	2,663
AlixPartners Evidence Exchange	-	-	2
AlixPartners Advisory Group, LLC	-	-	-
AlixPartners SAS	3,241	6,891	(807)
AlixPartners, LLC (California)	588	2,399	(54)
AlixPartners Forensic Services, LLC	4	-	67
AlixPartners Hong Kong Limited	1,618	1,261	1,143
AlixPartners (Shanghai) Business Advisory Services Ltd	94	6	286
AlixPartners Canada, Inc.	-	-	(385)
AlixPartners International, Inc (S Korea Branch)	108	-	424
AlixPartners Argentina SRL	199	-	(590)
AlixPartners International, LLC	-	-	(2,107)
AlixPartners International, Inc	-	1,920	1,011
AlixPartners Limited	3,413	6,790	(25,666)
AlixPartners Holdings, LLP	-	6,569	(2,328)
AlixPartners International, Inc (Puerto Rico Branch)	-	-	106
AlixPartners Services UK LLP	-	3,708	(2,521)
AlixPartners Corporate Finance Limited	-	5,234	1,380
AlixPartners Investments Services Limited (formerly AlixPartners SV Ukraine Limited)	-	273	(855)
Zolfo Cooper, LLC	-	-	19
AlixPartners ULC	-	-	(410)
Zolfo Cooper Management, LLC	-	-	9
AlixPartners Limited (KSA Branch)	-	2,790	7,374
AlixPartners Ukraine LLC	-	-	-
AlixPartners (Pty) Ltd	-	-	(556)
	<u>35,312</u>	<u>49,450</u>	<u>(65,249)</u>

Interest of £2.9M was payable by the LLP to AlixPartners Limited (2020: £2.9M).

ALIXPARTNERS UK LLP

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021
(continued)**

23 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

Transactions with fellow group companies for the year ended 31 December 2020 are:

	Cost 2020 £'000	Revenue 2020 £'000	Receivable/(payable) at 2020 £'000
AlixPartners, LLP	10,477	7,173	(14,039)
AlixPartners Services, LLC	-	529	408
AlixPartners GmbH	7,634	5,698	(15,214)
AlixPartners Srl	573	3,093	1,569
AlixPartners Asia, LLC (Japan)	157	376	12,087
AlixPartners Evidence Exchange	-	-	2
AlixPartners Advisory Group, LLC	-	-	-
AlixPartners SAS	2,625	4,420	(2,754)
AlixPartners, LLC (California)	79	820	1,617
AlixPartners Forensic Services, LLC	-	-	7
AlixPartners Hong Kong Limited	504	607	1,400
AlixPartners (Shanghai) Business Advisory Services Ltd	261	29	343
AlixPartners Canada, Inc.	-	-	(383)
AlixPartners International, Inc (S Korea Branch)	-	-	527
AlixPartners Argentina SRL	129	-	(392)
AlixPartners International, LLC	-	-	(2,089)
AlixPartners International, Inc	-	440	(920)
AlixPartners Limited	1,258	10,636	(37,649)
AlixPartners Holdings, LLP	-	-	(1,723)
AlixPartners International, Inc (Puerto Rico Branch)	-	-	106
AlixPartners Services UK LLP	-	972	(1,358)
AlixPartners Corporate Finance Limited	-	6,106	5,214
AlixPartners Investments Services Limited (formerly AlixPartners SV Ukraine Limited)	-	742	(4,688)
Zolfo Cooper, LLC	-	-	19
AlixPartners ULC	-	-	(409)
Zolfo Cooper Management, LLC	-	-	9
AlixPartners Limited (KSA Branch)	-	2,464	4,378
AlixPartners Ukraine LLC	1	-	-
AlixPartners (Pty) Ltd	-	445	(525)
	23,698	44,550	(54,457)

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021
(continued)**

24 ULTIMATE CONTROLLING PARTY

The ownership structure is a group led by Lakeview Capital and three leading global investors, including Caisse de dépôt et placement du Québec, Public Sector Pension Investment Board, and Investcorp Group. No single investor is an ultimate controlling party.

The immediate parent company is AlixPartners Limited, a company registered in England.

The parent undertaking of the smallest group for which consolidated financial statements are drawn up and of which the company is a member is AlixPartners Limited, a company registered in England. The parent undertaking of the largest group for which consolidated financial statements are drawn up and of which the company is a member is AlixPartners Holdings, LLP, a company registered in the United States of America.

25 POST BALANCE SHEET EVENTS

On 24 February 2022, Russian troops invaded Ukraine with the ongoing conflict creating further global economic uncertainty and volatility. Many sectors/jurisdictions are already facing the impacts of rising commodity prices and increased raw material costs, as a result of surging consumer demand as the COVID-19 pandemic eases. Conditions may be significantly exacerbated by the wider effects of the conflict in Ukraine, increasing inflationary pressures and weakening the global post-pandemic recovery. Management continue to monitor the situation, but given existing operations of the LLP, the impact is expected to be minimal to business operations and results. There have been no other significant events between the year end and the date of approval of these accounts which would require a change to or disclosure in the accounts.