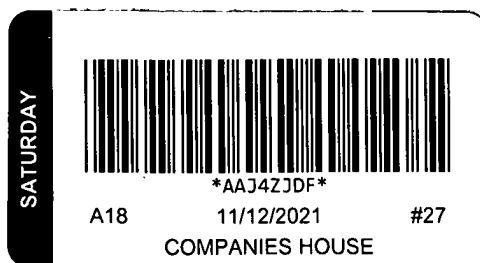


**Registered No: OC360308**

**ALIXPARTNERS UK LLP**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2020**



# ALIXPARTNERS UK LLP

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**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  
Chartered Accountants and Statutory Auditor  
Tower Bridge House  
St Katharine's Way  
London  
E1W 1DD

# **ALIXPARTNERS UK LLP**

## **STRATEGIC REPORT**

The members present their Strategic Report for AlixPartners UK LLP (the "LLP") for the year ended 31 December 2020.

### **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, both in total value and by consultant, cash collections, days of sales outstanding, staff utilisation, and EBITDA.

#### **Development and financial performance during the year**

The Management team is pleased with the current year results and the performance of the LLP and comforted in the strategic decisions taken during the year. There was significant focus by Management in the year to assess the structure and focus of the business to position itself for future profitable growth. Management takes pride in the quality of the consultants hired as a result of the rigorous recruitment process undertaken and the enviable reputation of the international AlixPartners Group.

The LLP performance recorded in 2020 saw an increase in revenue as shown in the Statement of Comprehensive Income

- The LLP's revenue for the year ended 31 December 2020 has increased 2.7% to £170.2M (2019: £165.7M) primarily due to increased group cross staffing revenue compared to prior year.
- in the same period, operational costs remained flat and were impacted by the COVID-19 pandemic which saw lockdowns imposed and a decrease in spend on travel and other discretionary administrative expenses compared to prior year.

With the increase in revenue and flat in operational costs, profits on ordinary operations have increased by £6.2M from £44.3M in 2019 to £50.7M.

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 £15.2M to £165.8M during the year. There has been an increased focus on collections which has seen a decrease in trade receivables and amounts recoverable on contracts of £17.4M, which has been offset by the increase in cash balances of £22.4M.

## **ALIXPARTNERS UK LLP**

### ***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 – Following the emergence of the global coronavirus pandemic, management continue to monitor developments. The COVID-19 outbreak has 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. The 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 consider 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 includes 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 one financial institution but the risk of default is considered minimal as the institution is rated BBB by Standard & Poor's.

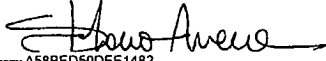
## ALIXPARTNERS UK LLP

### **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 30 November 2021 on behalf of the members by:

DocuSigned by:  
  
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Stefano Aversa  
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 2020.

#### **MANAGEMENT**

The LLP is led by the Executive Committee, which is headed by the Chairman. 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 (2019: nil).

#### **POST BALANCE SHEET EVENTS**

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

The Companies Act 2006, as applied to Limited Liability Partnerships, require the members to prepare the Members Report and 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;
- notify the LLP's members in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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 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

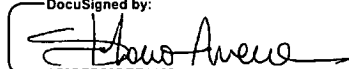
Mazars LLP was appointed auditor to the LLP for the year ended 31 December 2020 and will be re-appointed for the year ending 31 December 2021.

#### 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 the LLP members' are 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 members' 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:  
  
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Stefano Aversa

Director of Designated Member – AlixPartners Limited  
30 November 2021

## **ALIXPARTNERS UK LLP**

# **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 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Members Interests, and 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 IFRS 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's affairs as at 31 December 2020 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 members are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. 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 this other information, we are required to report that fact.

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

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; or

**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.

**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.

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, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006 as applied to as applied to limited liability partnerships.

We evaluated the member's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were 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 work in progress provisions, and significant one-off or unusual transactions.

**ALIXPARTNERS UK LLP**

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

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the members their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our 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.

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

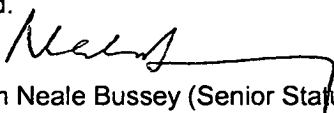
- Making enquiries of the members on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud 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](http://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.

  
William Neale Bussey (Senior Statutory Auditor)  
for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
St Katharine's Way  
London  
E1W 1DD

Date 9 DECEMBER 2021

**ALIXPARTNERS UK LLP**

**STATEMENT OF COMPREHENSIVE INCOME**

**Year ended 31 December 2020**

	Note	2020 £'000	2019 £'000
Revenue	3	170,185	165,726
Client expenses and disbursements		<u>(2,051)</u>	<u>(3,867)</u>
Net revenue		168,134	161,859
Operating costs		(114,380)	(114,291)
Operating profit	4	<u>53,754</u>	47,568
Finance revenue	5	16	47
Finance costs	6	(3,055)	(3,352)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>50,715</u>	44,263
Taxation on profit on ordinary activities	7	(772)	(87)
<b>PROFIT FOR THE PERIOD BEFORE MEMBERS' REMUNERATION AND PROFIT SHARE</b>		<u>49,943</u>	44,176
Members' remuneration charged as an expense	20	(49,943)	(44,176)
<b>PROFIT FOR THE PERIOD AVAILABLE FOR DIVISION AMONG MEMBERS</b>		<u>-</u>	-
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD AVAILABLE FOR DIVISION AMONG MEMBERS</b>		<u>-</u>	-

The notes on page 15 to 37 form part of these financial statements.

**ALIXPARTNERS UK LLP**

**STATEMENT OF FINANCIAL POSITION**

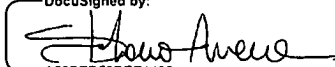
**As at 31 December 2020**

Company number: OC360308

ASSETS	Note	2020 £'000	2019 £'000
<b>Non-current assets</b>			
Goodwill	8	38,786	38,786
Intangible assets	9	178	397
Property, plant and equipment	10	4,717	5,741
Right of use assets	11	1,136	1,397
Trade and other receivables	12	156	84
		<u>44,973</u>	<u>46,405</u>
<b>Current assets</b>			
Trade and other receivables	13	88,874	94,699
Cash and cash equivalents	14	31,947	9,521
		<u>120,821</u>	<u>104,220</u>
<b>Total assets</b>		<u>165,794</u>	<u>150,625</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	15	60,337	64,874
Lease liability – short term	16	491	494
		<u>60,828</u>	<u>65,368</u>
<b>Non-current liabilities</b>			
Trade and other payables	17	64,377	60,255
Lease liability – long term	16	582	833
Provisions for other liabilities and charges	18	153	262
		<u>65,112</u>	<u>61,350</u>
<b>Net Assets attributable to members</b>		<u>39,854</u>	<u>23,907</u>
<b>Represented by:</b>			
<b>Loans and other debt due to members</b>			
Members' capital classified as a liability		12,247	282
<b>Equity</b>			
Members' capital		-	-
Other reserves		27,607	23,625
		<u>39,854</u>	<u>23,907</u>
<b>Total members' interests</b>			
Members' capital		12,247	282
Amounts due to members (included in trade and other payables)		60,464	62,775
Amounts due from members (included in trade and other receivables)		(23,016)	(20,945)
Other reserves		27,607	23,625
<b>Total members' interests</b>		<u>77,302</u>	<u>65,737</u>

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

Stefano Aversa  
 Director of Designated Member – AlixPartners Limited  
 30 November 2021

DocuSigned by:  
  
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The notes on page 15 to 37 form part of these financial statements.

**ALIXPARTNERS UK LLP**

**STATEMENT OF CHANGES IN MEMBERS' INTERESTS**

**Year ended 31 December 2020**

	EQUITY			DEBT		Total members' interests	
	Members' other interests	Loans and other amounts due to members less any amounts due from members included in debtors		Total	Total		
	Members' capital (classified as equity) £'000	Reserves £'000	Total £'000				Members' capital (classified as liability) £'000
<b>Total members interests at 1 January 2019</b>	-	18,327	18,327	282	47,971	48,253	66,580
Capital introduced by members during the year	-	-	-	25	-	25	25
Capital withdrawn by members during the year	-	-	-	(25)	-	(25)	(25)
Other advances to members during the year	-	-	-	-	(6,141)	(6,141)	(6,141)
Capital contribution	-	5,298	5,298	-	-	-	5,298
<b>Total members interests at 31 December 2019</b>	-	<b>23,625</b>	<b>23,625</b>	<b>282</b>	<b>41,830</b>	<b>42,112</b>	<b>65,737</b>
<b>Total members interests at 1 January 2020</b>	-	<b>23,625</b>	<b>23,625</b>	<b>282</b>	<b>41,830</b>	<b>42,112</b>	<b>65,737</b>
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
<b>Total members interests at 31 December 2020</b>	-	<b>27,607</b>	<b>27,607</b>	<b>12,247</b>	<b>37,448</b>	<b>49,695</b>	<b>77,302</b>

The notes on page 15 to 37 form part of these financial statements.

**1 CORPORATE INFORMATION**

AlixPartners UK 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 financial statements. 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 (LLPs). 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 2020  
(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 following standards and interpretations have been adopted in the financial statements as they are mandatory for the year ended 31 December 2020:

	<b>EU effective date Periods beginning on or after</b>
IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Amendments in relation to the definition of material	1 January 2020
Conceptual Framework: Amendments to references to the conceptual framework in IFRS standards	1 January 2020

The adoption of the other standards and interpretations above has not had a material impact on the LLP's financial statements.

The adoption of the following mentioned standards and amendments in future years are not expected to have a material impact on the LLP's financial statements.

	<b>EU effective date Periods beginning on or after</b>
IAS37 Provisions, Contingent Liabilities and Contingent Assets: Amendments in relation to the cost of fulfilling a contract when assessing onerous contracts	1 January 2022
Annual Improvements to IFRSs (2018 – 2020 cycle)	1 January 2022
IAS 1 Presentation of Financial Statements: Amendments in relation to the classification of liabilities as current or non-current	1 January 2023

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.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020  
(continued)**

**2 ACCOUNTING POLICIES (continued)**

**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.

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

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020  
(continued)**

**2 ACCOUNTING POLICIES (continued)**

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.

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. The contract asset balance was £nil as of December 31, 2020 and December 31, 2019.

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. The contract liability balance was £0.9M as of December 31, 2020 and £0.5M as of December 31, 2019.

**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.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020  
(continued)**

**2 ACCOUNTING POLICIES (continued)**

**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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**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.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020  
(continued)**

**2 ACCOUNTING POLICIES (continued)**

**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.

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).

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020  
(continued)**

**2 ACCOUNTING POLICIES (continued)**

- 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.

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.

**Onerous lease**

The LLP provides for its onerous obligations under operating leases when it has committed to a course of action that will result in the property becoming vacant and for properties where rental expense is in excess of income. The estimated timings and amounts of cash flows are determined using the experience of internal and external resources. Any changes to the estimated method of exiting from the property could lead to changes in the level of the provision recorded. Where there is a material impact, the provision is calculated on discounted cash flows.

**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.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020  
(continued)**

**2 ACCOUNTING POLICIES (continued)**

**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.

**Equity instruments**

Equity instruments issued by the LLP are recorded at the proceeds received, net of direct issue costs.

**Financial assets**

The LLP classifies its financial assets as trade and other receivables. 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 based on aging of receivables in conjunction with a review of clients engagements based on experience and knowledge of the client and historical collection patterns. An analysis is also performed to determine high risk client segments for which an additional incremental reserve is booked. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. 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.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020  
(continued)**

**2 ACCOUNTING POLICIES (continued)**

**Financial liabilities**

The LLP classifies its financial liabilities as trade and other payables. 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.

The average rate ruling in the accounting year was US\$1.28: £1 (2019: US\$1.28: £1), €1.13: £1 (2019: €1.14: £1), AED4.71: £1 (2019: AED4.68: £1); the rate ruling at the balance sheet date was US\$1.36: £1 (2019: US\$1.31: £1), €1.11: £1 (2019: €1.17: £1), AED4.99: £1 (2019: AED4.82: £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.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020  
(continued)**

**2 ACCOUNTING POLICIES (continued)**

**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 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.

*Bad debt provisions*

The provisions are determined based on the aging of receivables in conjunction with a review of client engagements based on experience and knowledge of the client and historical collection patterns. An analysis is also performed to determine high risk client segments for which an additional incremental reserve is booked. The provisions are assessed by management on a regular basis to confirm adequacy of reserves. Whilst every attempt is made to ensure that the bad debt 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.

*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

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

### 2 ACCOUNTING POLICIES (continued)

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 direct in reserves.

### 3 REVENUE

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

	2020 £'000	2019 £'000
United Kingdom	103,813	101,093
Continental Europe	32,335	19,887
Rest of the World	34,037	44,746
	<u>170,185</u>	<u>165,726</u>

Included in revenue are amounts of approximately £15.7M (2019: £26.5M) arising on sales to the LLP's largest customer.

### 4 OPERATING PROFIT

	2020 £'000	2019 £'000
Operating profit is stated after charging:		
Depreciation of property, plant and equipment	2,274	1,610
Amortisation	219	305
Auditor's remuneration – audit fees	90	80
Auditor's remuneration – partnership tax compliance	-	5
Share option charge	3,955	4,751
Exchange differences	(2,340)	(248)
Depreciation expense on right of use assets	584	519
(Profit)/loss on disposal of fixed assets	<u>-</u>	<u>(11)</u>

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020**  
**(continued)**

**5 FINANCE REVENUE**

	2020 £'000	2019 £'000
Bank and other interest receivable	<u>16</u>	<u>47</u>

**6 FINANCE COSTS**

	2020 £'000	2019 £'000
Bank and other interest payable	96	504
Interest expense on lease liabilities	21	29
Interest paid to parent undertaking	<u>2,938</u>	<u>2,819</u>
	<u><u>3,055</u></u>	<u><u>3,352</u></u>

**7 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

**8 GOODWILL**

	2020 £'000	2019 £'000
<b>Cost</b>		
At 1 January and 31 December	<u>38,786</u>	<u>38,786</u>
<b>Impairment</b>		
At 1 January and 31 December	<u>-</u>	<u>-</u>
<b>Net Book Value</b>		
At 31 December	<u><u>38,786</u></u>	<u><u>38,786</u></u>

The Goodwill was reviewed for impairment at 31 December 2020 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 their 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 2020 using an assumed annual growth rate of nil beyond 2020 and a pre-tax discount rate of 11% based on the Group's estimated weighted average cost of capital. A terminal value is calculated for the period beyond the 5 years

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

### 8 GOODWILL (continued)

based on the projection for year 5. 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 WACC, change in growth rates and period of forecasts, to test sensitivity of the investment and 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.

### 9 OTHER INTANGIBLE ASSETS

	Customer lists £'000	Computer software £'000	Total £'000
<b>Cost</b>			
At 1 January and 31 December 2020	582	656	1,238
<b>Depreciation</b>			
At 1 January 2020	582	259	841
Charge for the year	-	219	219
At 31 December 2020	582	478	1,060
<b>Net book value</b>			
At 31 December 2020	-	178	178
At 31 December 2019	-	397	397

Amortisation of £0.2M (2019: £0.3M) is included in operating costs.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020**  
**(continued)**

**10 PROPERTY, PLANT AND EQUIPMENT**

	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Computer equipment £'000	Assets in course of construction £'000	Total £'000
<b>Cost</b>					
At 1 January 2020	1,097	1,318	7,075	2,441	11,931
Additions	-	-	-	1,430	1,430
Transfer into service	1,345	397	1,096	(2,838)	-
Disposals	-	-	(530)	-	(530)
At 31 December 2020	<u>2,442</u>	<u>1,715</u>	<u>7,641</u>	<u>1,033</u>	<u>12,831</u>
<b>Depreciation</b>					
At 1 January 2020	358	366	5,466	-	6,190
Charge for the year	900	168	1,206	-	2,274
Arising on disposals	-	-	(350)	-	(350)
At 31 December 2020	<u>1,258</u>	<u>534</u>	<u>6,322</u>	<u>-</u>	<u>8,114</u>
<b>Net book value</b>					
At 31 December 2020	<u>1,184</u>	<u>1,181</u>	<u>1,319</u>	<u>1,033</u>	<u>4,717</u>
At 31 December 2019	<u>739</u>	<u>952</u>	<u>1,609</u>	<u>2,441</u>	<u>5,741</u>

No assets are secured.

**11 RIGHT OF USE ASSETS**

	Buildings £'000	Equipment £'000	Total £'000
<b>Cost</b>			
At 1 January 2020	1,276	640	1,916
Additions	323	-	323
At 31 December 2020	<u>1,599</u>	<u>640</u>	<u>2,239</u>
<b>Accumulated depreciation</b>			
At 1 January 2020	422	97	519
Charge for the year	458	126	584
At 31 December 20120	<u>880</u>	<u>223</u>	<u>1,103</u>
<b>Net book value</b>			
At 31 December 2020	<u>719</u>	<u>417</u>	<u>1,136</u>
At 31 December 2019	<u>854</u>	<u>543</u>	<u>1,397</u>

The LLP leases several assets including building and IT equipment. The average lease term is 2.72 years (2019: 3.52 years).

The maturity analysis of lease liabilities is presented in note 16.

**ALIXPARTNERS UK LLP**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020  
(continued)**

**12 TRADE AND OTHER RECEIVABLES DUE AFTER MORE THAN ONE YEAR**

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Other receivables	<u>156</u>	<u>84</u>
	<u><b>156</b></u>	<u><b>84</b></u>

**13 TRADE AND OTHER RECEIVABLES DUE WITHIN ONE YEAR**

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Trade receivables	<b>25,528</b>	35,345
Trade receivables – provision	<b>(2,228)</b>	(1,905)
Trade receivables net	<u><b>23,300</b></u>	<u>33,440</u>
Amounts due from group undertakings	<b>27,686</b>	19,223
Other receivables	<b>2,194</b>	870
Amounts recoverable on contracts	<b>10,520</b>	17,745
Prepayments	<b>2,158</b>	2,476
Amounts due from members	<u><b>23,016</b></u>	<u>20,945</u>
	<u><b>88,874</b></u>	<u><b>94,699</b></u>

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

Included within trade receivables is £nil (2019: £14.3M) 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.

**14 CASH AND CASH EQUIVALENTS**

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Cash at bank and in hand	<u><b>31,947</b></u>	<u>9,521</u>

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020**  
**(continued)**

**15 TRADE AND OTHER PAYABLES DUE WITHIN ONE YEAR**

	2020	2019
	£'000	£'000
Trade payables	2,127	773
Amounts due to members	-	2,520
Taxation and other social security	7,657	10,470
Accruals and deferred income	6,057	5,908
Amounts due to group undertakings	44,496	45,203
	<u>60,337</u>	<u>64,874</u>

The amounts owed to the parent and group undertakings are unsecured and interest free. The members consider the carrying amount of trade and other payables approximate to their fair value.

**16 LEASE LIABILITIES**

	2020	2019
	£'000	£'000
<b>Analysed as:</b>		
Non-current	582	833
Current	491	494
	<u>1,073</u>	<u>1,327</u>
 <b>Maturity analysis</b>		
Year 1	504	516
Year 2	279	355
Year 3	204	204
Year 4	111	204
Year 5	-	94
Onwards	-	-
	<u>1,098</u>	<u>1,373</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 2020, the LLP is committed to £nil for short-term leases (2019: £nil).

Total cash outflow for leases amounted to £0.57M (2019: £0.63M).

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020**  
**(continued)**

**17 TRADE AND OTHER PAYABLES DUE AFTER MORE THAN ONE YEAR**

	2020 £'000	2019 £'000
Accruals and deferred income	3,447	-
Taxation and social security	466	-
Amount due to parent undertaking	60,464	59,710
Amounts due to members	-	545
	<u>64,377</u>	<u>60,255</u>

The amount due to the parent undertaking includes an intercompany facility for \$82,096,048 (2019: \$78,317,821) with interest charged at a rate of 4% + LIBOR p.a., which is due for repayment on 1 January 2026. The facility is unsecured.

**18 PROVISIONS FOR OTHER LIABILITIES AND CHARGES**

	2020 £'000	2019 £'000
At 1 January	262	402
Additional provision in the period	2	27
Provision utilised in the year	(111)	(167)
At 31 December	<u>153</u>	<u>262</u>

The gross provision includes £0.15M (2019: £0.2M) for the expected rectification costs to be incurred on cessation of one of the leasehold property agreements and an onerous lease provision of £nil (2019: £0.06M).

**19 STAFF COSTS**

**Number of employees**

The average number of employees during the period was 344 (2019: 359) classified as follows:

	2020 No.	2019 No.
Consultants	195	208
Administration	149	151
	<u>344</u>	<u>359</u>

	2020 £'000	2019 £'000
<b>Staff costs</b>		
Wages and salaries	73,438	59,278
Social security costs	6,183	5,146
Pensions	2,329	2,214
	<u>81,950</u>	<u>66,638</u>

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020**  
**(continued)**

**20 MEMBERS' REMUNERATION**

	2020 No.	2019 No.
<b>Information in relation to members:</b>		
The average number of members during the period was	<u>51</u>	<u>44</u>
	<b>£'000</b>	<b>£'000</b>
The amount of profit attributable to the member with the largest entitlement was	<u>8,736</u>	<u>5,079</u>

The members are the key management personnel for the LLP.

Members' remuneration charged as an expense in the year was £49.9M (2019: £44.2M).

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 £4.0M (2019: £4.8M).

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 14.

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.

**21 PENSION COSTS**

The pension cost represents contributions payable by the LLP to the funds and amounted to £2.3M (2019: £2.2M). Contributions totalling £nil (2019: £nil) were payable to the funds at the period end and are included in trade and other payables.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020  
(continued)**

**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, CUP I 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.

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 5.17 years (2019: 6.19 years).

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

Under this methodology, Common Interests, Common Options, CUP I 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 21% (2019: 22%).

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020**  
**(continued)**

**22 SHARE BASED PAYMENTS (continued)**

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

	<b>Year Ended 31 December 2020</b>	<b>Year Ended 31 December 2019</b>
Expected term	6.08 years	7.08 years
Expected volatility	40%	40%
Expected dividend yield	0.00%	0.00%
Risk-free rate	0.5%	1.73%

**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.

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 £3.5M at 31 December 2020, of which £0.1M was recorded in accruals and £3.4M in non-current liabilities on the balance sheet. The LLP recorded VAP related expense of £3.5M for the year ended 31 December 2020.

## ALIXPARTNERS UK LLP

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020 (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 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)
	<u>23,698</u>	<u>44,550</u>	<u>(54,457)</u>

Interest of £2.9M was payable by the LLP to AlixPartners Limited (2019: £2.8M).

**ALIXPARTNERS UK LLP**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020  
(continued)**

**23 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)**

Transactions with fellow group companies for the year ended 31 December 2019 are:

	<b>Cost 2019 £'000</b>	<b>Revenue 2019 £'000</b>	<b>Receivable/(payable) at 2019 £'000</b>
AlixPartners, LLP	15,144	6,030	(17,952)
AlixPartners Services, LLC	-	112	(97)
AlixPartners GmbH	3,858	6,096	(15,037)
AlixPartners Srl	349	2,340	(96)
AlixPartners Asia, LLC (Japan)	-	1,226	11,773
AlixPartners Evidence Exchange	-	-	2
AlixPartners Advisory Group, LLC	-	-	10
AlixPartners SAS	1,489	2,742	(1,361)
AlixPartners, LLC (California)	27	1,830	984
AlixPartners Forensic Services, LLC	-	-	7
AlixPartners Hong Kong Limited	269	5	2,124
AlixPartners (Shanghai) Business Advisory Services Ltd	130	78	580
AlixPartners Canada, Inc.	-	-	(397)
AlixPartners International, Inc (S Korea Branch)	-	1	531
AlixPartners Argentina SRL	51	-	(263)
AlixPartners International, LLC	-	95	(2,100)
AlixPartners International, Inc	-	306	(1,387)
AlixPartners Limited	1,660	18,085	(36,524)
AlixPartners Holdings, LLP	-	-	(10)
AlixPartners International, Inc (Puerto Rico Branch)	-	-	106
AlixPartners Services UK LLP	-	1,303	(2,431)
AlixPartners Corporate Finance Limited	-	1,428	510
AlixPartners Investments Services Limited (formerly AlixPartners SV Ukraine Limited)	-	148	(3,646)
Zolfo Cooper, LLC	-	19	19
AlixPartners ULC	-	37	(424)
Zolfo Cooper Management, LLC	-	10	10
	<u>22,977</u>	<u>41,891</u>	<u>(65,069)</u>

Amounts due to members not included in the table above totalled £2.7M.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020  
(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**

There have been no 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.