

**MSR Partners LLP (formerly Moore Stephens LLP)**

**Financial Statements for the Period Ended 31 October 2019**

Registered Number: OC313071



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**MSR Partners LLP**  
**Members' Report**  
Period ended 31 October 2019

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The members present their report and audited financial statements of MSR Partners LLP (formerly Moore Stephens LLP (LLP) and its subsidiary entities (Group) for the 18 month period from 1 May 2018 to 31 October 2019.

**Change of Name**

On 4 February 2019 the LLP changed its name from Moore Stephens LLP to MSR Partners LLP.

**Change of Accounting Reference Date**

On 16 July 2019 the LLP extended its accounting reference date to 31 October. Accordingly, these financial statements cover the period from 1 May 2018 to 31 October 2019, with the comparative period covering the year ended 30 April 2018.

**Principal activities**

During the period ended 31 October 2019, all trading operations were disposed of in three separate transactions. On 14 December 2018 Moore Stephens Consulting Limited and certain assets were acquired by Verisk Analytics Inc. and on 18 January 2019 the wealth management business unit was acquired by Tilney Group. On 1 February 2019 the LLP's remaining business units merged into BDO LLP and accordingly from that date trading ceased.

In the period preceding the business disposals, the principal activities of the LLP and the Group included the provision of audit and assurance, tax advisory, financial planning, management consulting, corporate advisory services, restructuring and insolvency and outsourcing services. All activities of the LLP and Group are classified as discontinued following the cessation of the trading activities on 1 February 2019.

**Structure and governance of the LLP**

The operating activities of the LLP are overseen by committees comprising designated members and other appointed members to represent the LLP's interests as a whole. Following the adoption of a revised Members' Agreement following the cessation of trade, the Administrative Committee oversees the ongoing day to day operations of the LLP and adherence to the applicable regulatory frameworks. Prior to that the Partnership Committee was entrusted with overseeing strategy and the Management Board was responsible for implementing strategy under the direction of the Managing Partner.

The following individuals were designated members during the period from 1 May 2018 to 31 October 2019:

Simon Gallagher	
Jon Randall	
Phil Cowan	- Appointed 12 February 2019
Suk Aulak	- Resigned 3 April 2019
Simon Baylis	
Stephen Humphreys	- Resigned 18 January 2019
Paul Latache	- Resigned 14 December 2018
Michael Simms	- Appointed 23 May 2018 and resigned 3 April 2019
Paul Stockton	- Resigned 2 February 2019
Tim West	- Resigned 3 April 2019
Jeremy Willmont	- Resigned 23 May 2018 and appointed 12 February 2019

**Members' capital**

Fixed capital sums subscribed to the LLP in accordance with its members agreement were repaid in the period.

**Members' profit shares and drawings**

The LLP member group was comprised of members commonly referred to as equity partners and partners with similar but not identical remuneration frameworks.

Members are remunerated solely out of the profits of the LLP. The allocation of profit to individual members is made by the relevant governance committees based on a wide range of criteria including pre-determined profits points and performance elements. Previously the allocation was made by the Management Board and approved by the Partnership Committee. All profit has been allocated prior to the date of the approval of these financial statements.

The overall policy for members' drawings and distributions is the payment of amounts in respect of each member's profit share for the financial period, taking into account the need to retain sufficient funds to settle its liabilities.

**Statement of members' responsibilities in respect of the financial statements**

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

The Companies Act 2006, as applied to limited liability partnerships, requires members to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of both the LLP and the Group, and of the profit or loss of the Group for that period. In preparing those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to assume that the LLP or Group will continue in business. As explained below, the members do not believe it appropriate to prepare the financial statements on the going concern basis.

The members are also responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the LLP and the Group, and enable them to ensure that the financial statements comply with the Companies Act 2006, as applied to limited liability partnerships.

The members are also responsible for safeguarding the assets of the LLP and the Group, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

These responsibilities are fulfilled by the Administrative Committee on behalf of the members.

**Going concern**

The LLP ceased to trade on 1 February 2019 following the business disposals, and the going concern basis is therefore not appropriate. The Administrative Committee is engaged in an orderly realisation of assets and settlement of liabilities, and has a reasonable expectation that the LLP has adequate financial resources to meet its operational needs before distributing the surplus to the members.

Signed on behalf of the members on 27 October 2020



Simon Gallagher  
Designated member



Jon Randall  
Designated member

## **MSR Partners LLP**

### **Independent Auditor's Report to the Members of MSR Partners LLP**

Period ended 31 October 2019

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#### **Opinion**

We have audited the financial statements of MSR Partners LLP (formerly Moore Stephens LLP) (the "parent LLP") and its subsidiaries (the "group") for the period from 1 May 2018 to 31 October 2019 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated and parent LLP statements of financial position, consolidated and parent statements of cash flows, consolidated and parent statements of changes in equity and 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 International Financial Reporting Standards (IFRSs) as adopted in the European Union.

In our opinion:

- financial statements give a true and fair view of the state of the group's and of the parent LLP's affairs as at 31 October 2019 and of the group's profit for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent LLP financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006, as applied to limited liability partnerships (LLPs); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006, as applied to LLPs.

#### **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 group 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.

#### **Emphasis of matter – financial statements not prepared on the going concern basis**

As set out in note 1.1, the financial statements have not been prepared on the going concern basis as the LLP has ceased to trade following the disposal of its business during the financial period and the Administrative Committee is engaged in the orderly realisation of assets and settlement of liabilities. Accordingly we do not have any conclusions relating to going concern.

Our opinion is not modified in this regard.

#### **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.

We have nothing to report in this regard.

## **MSR Partners LLP**

### **Independent Auditor's Report to the Members of MSR Partners LLP**

Period ended 31 October 2019

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#### **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 LLPs, requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent LLP, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent LLP 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 3, 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 group's and the parent 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 group or the parent 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 these financial statements.

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

#### **Use of our report**

This report is made solely to the LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applied to LLPs. 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.

*Steve Gale*

Steve Gale FCA  
Senior Statutory Auditor  
For and on behalf of  
**Crowe U.K. LLP**  
Statutory Auditor  
London

28 October 2020

**MSR Partners LLP**  
**Consolidated Income Statement**  
Period ended 31 October 2019

<b>Discontinued operations</b>	<b>Note</b>	<b>Period ended 31 October 2019 £'000</b>	<b>Year ended 30 April 2018 £'000</b>
<b>Revenue</b>	<b>2</b>	101,070	137,517
Other operating income		4,692	32
		<u>105,762</u>	<u>137,549</u>
Staff costs	<b>3</b>	(49,658)	(63,674)
Depreciation and amortisation		(2,659)	(3,317)
Other operating expenses	<b>4</b>	(40,438)	(45,649)
<b>Operating profit</b>		<u>13,007</u>	<u>24,909</u>
Share of profits of associate		-	24
Loss on disposal of investment		(69)	(25)
Profits on business disposals	<b>5</b>	83,004	-
		<u>95,942</u>	<u>24,908</u>
<b>Profit before interest</b>			
Finance income		123	98
Finance expense	<b>6</b>	(642)	(925)
<b>Profit before tax</b>		<u>95,423</u>	<u>24,081</u>
<b>Tax</b>	<b>7</b>	139	48
<b>Profit for the period before Members' remuneration charged as an expense</b>		<u><b>95,562</b></u>	<u><b>24,129</b></u>
Members' remuneration charged as an expense	<b>9</b>	(95,562)	(6,592)
<b>Profit for the period after Members' remuneration charged as an expense</b>		<u><b>-</b></u>	<u><b>17,537</b></u>
<b>Profit for the period available for division:</b>			
Members'		-	17,522
Non-controlling interests		-	15
		<u><b>-</b></u>	<u><b>17,537</b></u>

**MSR Partners LLP**  
**Consolidated Statement of Comprehensive Income**  
Period ended 31 October 2019

	Period ended 31 October 2019 £'000	Year ended 30 April 2018 £'000
<b>Profit for the period available for division</b>	-	17,537
<b>Other comprehensive income</b>		
Exchange loss on currency translation	-	(24)
<b>Total comprehensive income</b>	-	17,513
<b>Total comprehensive income for the financial period attributable to:</b>		
Members	-	17,498
Non-controlling interests	-	15
<b>Total comprehensive income</b>	-	17,513




**MSR Partners LLP**  
**Consolidated Statement of Financial Position**  
As at 31 October 2019

Registered number: OC313071

	Note	At 31 October 2019 £'000	At 30 April 2018 £'000
<b>Non-current assets</b>			
Property, plant and equipment	10	-	3,614
Intangible assets	11	-	18,572
Investments	12	-	388
		-	22,574
<b>Current assets</b>			
Trade and other receivables	13	18,915	51,096
Cash and cash equivalents		17,285	2,308
		36,200	53,404
Non-current assets held for sale	14	125	-
		36,325	53,404
<b>Total assets</b>		36,325	75,978
<b>Current liabilities</b>			
Trade and other payables	15	6,015	22,046
Borrowings	16	-	1,600
Amounts due to members		28,940	2,487
		34,955	26,133
<b>Non-current liabilities</b>			
Borrowings	16	-	15,500
Provisions	17	1,370	7,594
Other non-current liabilities	18	-	3,556
		1,370	26,650
<b>Total liabilities</b>		36,325	52,783
<b>Net assets</b>		-	23,195
<b>Represented by:</b>			
<b>Amounts classified as non-current liabilities</b>			
Members' capital		-	12,120
Members' retirement benefits		-	819
<b>Amounts classified as equity</b>			
Other reserves		-	10,203
<b>Total members' interests</b>		-	23,142
Non-controlling interests		-	53
		-	23,195

The financial statements were approved by the members and authorised for issue on 27 October 2020 and signed on their behalf by:

  
Jon Randall  
Designated member

  
Phil Cowan  
Designated member

**MSR Partners LLP**  
**LLP Statement of Financial Position**  
As at 31 October 2019

Registered number: OC313071

	Note	At 31 October 2019 £'000	At 30 April 2018 £'000
<b>Non-current assets</b>			
Property, plant and equipment	10	-	3,581
Intangible assets	11	-	18,037
Investments	12	-	678
		-	22,296
<b>Current assets</b>			
Trade and other receivables	13	18,865	50,344
Cash and cash equivalents		17,265	1,547
		36,130	51,891
Non-current assets held for sale	14	125	-
		36,255	51,891
<b>Total assets</b>		36,255	74,187
<b>Current liabilities</b>			
Trade and other payables	15	6,677	21,081
Borrowings	16	-	1,600
Amounts due to members		28,208	2,487
		34,885	25,168
<b>Non-current liabilities</b>			
Borrowings	16	-	15,500
Provisions	17	1,370	7,594
Other non-current liabilities	18	-	3,556
		1,370	26,650
<b>Total liabilities</b>		36,255	51,818
<b>Net assets</b>		-	22,369
<b>Represented by:</b>			
<b>Amounts classified as non-current liabilities</b>			
Members' capital		-	12,120
Members' retirement benefits		-	819
<b>Amounts classified as equity</b>			
Other reserves		-	9,430
<b>Total members' interests</b>		-	22,369

The profit for the period before members' remuneration amounted to £95,045,000 (2018 - £24,745,000).

The financial statements were approved by the members and authorised for issue on 27 October 2020 and signed on their behalf by:



Jon Randall  
Designated member



Phil Cowan  
Designated member

**MSR Partners LLP**  
**Consolidated Statement of Cash Flows**  
Period ended 31 October 2019

	Period ended 31 October 2019 £'000	Year ended 30 April 2018 £'000
<b>Cash flows from operating activities (discontinued operations)</b>		
Operating profit	13,007	24,909
Non-cash adjustments		
Depreciation and amortisation	2,659	3,317
Movements in provisions	1,072	203
Foreign exchange	-	(63)
Working capital adjustments		
Decrease/(increase) in trade and other receivables and prepayments	28,352	(242)
Decrease in trade and other payables	(6,418)	(908)
Other - Acquisition costs	-	112
	<b>38,672</b>	<b>27,328</b>
Tax received	139	48
<b>Net cash inflow from operating activities</b>	<b>38,811</b>	<b>27,376</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-	(717)
Purchase of intangible assets	-	(762)
Purchase of investments	-	(259)
Proceeds on disposal of investments	319	-
Acquisition of business	-	(788)
Proceeds on business disposals	89,549	-
Deferred consideration paid	(3,715)	(1,905)
Income from other investments	-	52
Dividends received from associates	-	24
Capital increase in associate	-	(257)
Proceeds on sale of associate	-	385
Interest received	123	46
<b>Net cash inflow/(outflow) from investing activities</b>	<b>86,276</b>	<b>(4,181)</b>
<b>Cash flows from financing activities</b>		
Payments to members	(80,131)	(25,073)
Payments to former members	-	(483)
Capital contribution by members	240	4,760
Capital repaid to members	(12,360)	(1,750)
Proceeds from long term borrowings	-	11,700
Repayment of long term borrowings	(17,100)	(5,650)
Interest paid	(642)	(752)
Dividend paid to non-controlling interest	(53)	(50)
Finance lease payments	(64)	(156)
<b>Net cash outflow from financing activities</b>	<b>(110,110)</b>	<b>(17,454)</b>
<b>Net increase in cash and cash equivalents</b>	<b>14,977</b>	<b>5,741</b>
Cash and cash equivalents at beginning of year	2,308	(3,472)
Effect of exchange rate changes	-	39
<b>Cash and cash equivalents at end of year</b>	<b>17,285</b>	<b>2,308</b>
<b>Cash and cash equivalents consist of:</b>		
Cash in hand and balances with banks	17,285	2,308

Note 22 forms part of this Consolidated Statement of Cash Flows.

**MSR Partners LLP**  
**LLP Statement of Cash Flows**  
Period ended 31 October 2019

	Period ended 31 October 2019 £'000	Year ended 30 April 2018 £'000
<b>Cash flows from operating activities (discontinued operations)</b>		
Operating profit	13,225	25,504
Non-cash adjustments		
Depreciation and amortisation	2,570	3,228
Impairment	25	-
Loss on disposal	1,293	-
Movements in provisions	1,072	203
Working capital adjustments		
Decrease/(increase) in trade and other receivables and prepayments	27,650	(175)
Decrease in trade and other payables	(4,791)	(1,370)
Other – Acquisition costs	-	17
	<b>41,044</b>	<b>27,407</b>
Tax paid	(5)	102
<b>Net cash inflow from operating activities</b>	<b>41,039</b>	<b>27,509</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,346)	(698)
Purchase of intangible assets	(451)	(682)
Purchase of investments	-	(259)
Proceeds on disposal of investments	610	-
Acquisition of business	-	(534)
Proceeds on business disposals	88,905	-
Deferred consideration paid	(3,715)	(1,905)
Income from other investments	-	52
Dividends received from associates	-	24
Capital increase in associate	-	(257)
Proceeds on sale of associate	-	385
Interest received	120	3
<b>Net cash inflow/(outflow) from investing activities</b>	<b>84,123</b>	<b>(3,871)</b>
<b>Cash flows from financing activities</b>		
Payments to members	(79,573)	(25,160)
Payments to former members	-	(483)
Capital contribution by members	240	4,760
Capital repaid to members	(12,360)	(1,750)
Proceeds from long term borrowings	-	11,700
Repayment of long term borrowings	(17,100)	(5,650)
Interest paid	(587)	(742)
Finance lease payments	(64)	(156)
<b>Net cash outflow from financing activities</b>	<b>(109,444)</b>	<b>(17,481)</b>
<b>Net increase in cash and cash equivalents</b>	<b>15,718</b>	<b>6,157</b>
Cash and cash equivalents at beginning of period	1,547	(4,610)
Cash and cash equivalents at end of period	<b>17,265</b>	<b>1,547</b>
<b>Cash and cash equivalents consist of:</b>		
Cash in hand and balances with banks	<b>17,265</b>	<b>1,547</b>

Note 22 forms part of this LLP Statement of Cash Flows.

**MSR Partners LLP**
**Consolidated Statement of Changes in Equity and Members' Interests**

Period ended 31 October 2019

	Classified as liabilities			Classified as equity	Amounts due to non-controlling interests	Total
	Members' capital £'000	Members' retirement benefits £'000	Amounts due to/(from) members £'000	Other reserves £'000	£'000	£'000
At 1 May 2017	9,110	842	1,066	12,584	88	23,690
Members' remuneration charged as an expense		(23)	6,615	-	-	6,592
Exchange loss on currency translation	-	-	-	(24)	-	(24)
Profit for the financial year available for division	-	-	-	17,522	15	17,537
Allocated profit	-	-	19,879	(19,879)	-	-
Introduced by members	4,760	-	-	-	-	4,760
Repaid to members	(1,750)	-	-	-	-	(1,750)
Drawings and distributions	-	-	(25,073)	-	-	(25,073)
Dividend paid to non-controlling interest	-	-	-	-	(50)	(50)
At 30 April 2018	12,120	819	2,487	10,203	53	25,682
Members' remuneration charged as an expense	-	(6)	95,568	-	-	95,562
Allocated profit	-	(813)	11,016	(10,203)	-	-
Introduced by members	240	-	-	-	-	240
Repaid to members	(12,360)	-	-	-	-	(12,360)
Drawings and distributions	-	-	(80,131)	-	-	(80,131)
Dividend paid to non-controlling interests	-	-	-	-	(53)	(53)
At 31 October 2019	-	-	28,940	-	-	28,940

**MSR Partners LLP****LLP Statement of Changes in Equity and Members' Interests**

Period ended 31 October 2019

	Classified as liabilities			Classified as equity	
	Members' capital £'000	Members' retirement benefits £'000	Amounts due to/(from) members £'000	Other reserves £'000	Total £'000
At 1 May 2017	9,110	842	1,066	11,243	22,261
Members' remuneration charged as an expense	-	(23)	6,615	-	6,592
Profit for the financial year available for division	-	-	-	18,153	18,153
Allocated profit	-	-	19,966	(19,966)	-
Introduced by members	4,760	-	-	-	4,760
Repaid to members	(1,750)	-	-	-	(1,750)
Drawings and distributions	-	-	(25,160)	-	(25,160)
At 30 April 2018	12,120	819	2,487	9,430	24,856
Members' remuneration charged as an expense	-	(6)	95,051	-	95,045
Allocated profit	-	(813)	10,243	(9,430)	-
Introduced by members	240	-	-	-	240
Repaid to members	(12,360)	-	-	-	(12,360)
Drawings and distributions	-	-	(79,573)	-	(79,573)
At 31 October 2019	-	-	28,208	-	28,208

## **1 Accounting policies**

### **1.1 Basis of preparation**

The LLP is domiciled and incorporated in the United Kingdom and the registered office is: 55 Baker Street, London, United Kingdom, W1U 7EU.

These financial statements consolidate the results and financial position of MSR Partners LLP (formerly Moore Stephens LLP) ('LLP') and its subsidiary undertakings ('Group').

Accounting policies that relate to the financial statements as a whole are set out below. All accounting policies have been consistently applied to all the periods presented.

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to limited liability partnerships ('LLPs') reporting under IFRS.

The financial statements have been prepared under the historical cost convention, except as otherwise described in the accounting policies.

As permitted by section 408 of the Companies Act 2006, as applied to LLPs, no separate income statement is presented for the LLP.

On 16 July 2019 the LLP extended its accounting reference date to 31 October 2019. Accordingly, these financial statements cover the period from 1 May 2018 to 31 October 2019, with the comparative period covering the year ended 30 April 2018.

The LLP ceased to trade on 1 February 2019 following the business disposals and the Administrative Committee is engaged in an orderly realisation of assets and settlement of liabilities. Consequently, the Administrative Committee does not believe it appropriate to prepare the financial statements on the going concern basis.

The Administrative Committee monitors budgets and forecasts which take account of expected cash flows from the realisation of assets and the settlement of liabilities, and the Committee has a reasonable expectation that the LLP has adequate financial resources to meet its operational needs before distributing the surplus to the members.

### **1.2 Adoption of new standards and interpretations**

The Group has adopted the following new standard during the period:

IFRS 15 'Revenue from contracts with customers' establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise. While the Group's accounting policy for revenue changed as a result of adopting IFRS 15, the financial impact did not materially affect the income statement or the statement of financial position. At 31 October 2019 all customer contracts had ceased and no revenue has been recognised in respect of ongoing customer contracts.

IFRS 9 'Financial Instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities and was adopted in the financial statements for the year ended 30 April 2018. Disclosures relating to the initial application of IFRS 9 are presented within the notes to the financial statements. There was no material impact on the financial statements arising from the application of IFRS 9.

The following standard has been issued but is not yet effective and has not been adopted by the Group:

IFRS 16 'Leases' will replace IAS 17 'Leases' for the accounting year ending 31 October 2020. Under the new standard all lease liabilities will be recorded, together with the right of use assets which are the subject of the lease. The standard is not expected to have a material effect on the group's overall results, since all material leases have been terminated or are subject to reimbursement arrangements.

**1.3 Critical accounting estimates and judgements**

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities. The estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and constitute management's best judgement at the date of the financial statements. In the future, actual experience could differ from those estimates.

*The principal estimates and judgements that could have a significant effect upon the Group's financial results relate to the valuation of deferred consideration and provisions for claims.*

The terms of sale of the wealth management business unit included contingent consideration, dependent upon the future performance of the unit, which will not be recognised until such time as the consideration has crystallised and can be determined with reasonable accuracy.

Provisions for claims include a prudent estimate of future costs likely to be incurred in defending and concluding claims, inevitably involving a reasonable degree of estimation uncertainty.

**1.4 Consolidation**

Subsidiary undertakings are entities over which the Group has control. Control is defined as the power to direct the entity's relevant activities, exposure to variable returns from involvement with the entity and the ability to use this power to affect the amount of the returns. Subsidiary undertakings are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group entities are eliminated. Accounting policies of subsidiary undertakings have been amended where necessary to ensure consistency with the policies adopted by the Group.

Interests in associates are accounted for using the equity method in the Group and LLP.

**1.5 Revenue**

Revenue represents amounts receivable for satisfying performance obligations contained in contracts with clients, including expenses and disbursements but excluding Value Added Tax. Revenue is recognised when or as the Group satisfies performance obligations by transferring control of services to clients.

Time and materials contracts are recognised over time as services are provided at the fee rate agreed with the client where there is an enforceable right to payment for performance completed to date.

Fixed fee contracts are recognised over time based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided where there is an enforceable right to payment for performance completed to date. This is determined based on the actual inputs of time and expenses relative to total expected inputs.

Contingent fee contracts are recognised at the point in time that the contingent event occurs and the Group has become entitled to the revenue.

Licence fee contracts that provide access to intellectual property as it exists at the date of grant are recognised at the point in time that the licence agreement is entered into and the licensee is able to use and benefit from the licence. Licence fee contracts that provide a right of use as it exists throughout the period of the licence are recognised over time to reflect the pattern in which benefits of access transfer to the client over the licence period.

**1.6 Property, plant and equipment**

Property, plant and equipment are shown at cost less accumulated depreciation. Depreciation is calculated at rates that will write off cost over its useful economic life on a straight line basis.

A full year's depreciation is charged in the year of acquisition. The depreciation policy is as follows:

Long leasehold property	- Lease term
Leasehold improvements	- Lease term
Computer equipment	- 25% per annum
Furniture, fittings and equipment	- 25% per annum



From the Editor, *Journal of Management Education*

## Summary

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Global strategies: how to manage control of services to clients

Reagents for the *in situ* hybridization experiments were purchased from Gibco-BRL, Life Technologies, Gaithersburg, MD, USA. The *in situ* hybridization was performed as described previously [10].

12

## Keywords

jurisdiction in that district and secondarily to the Grant and TRB.

consistently with the policies adopted by the Group;

resisting would not be an act of nonresistance to racialized oppression, nor would it be an act of resistance to racialized oppression. A person's resistance to racialized oppression must be an act of nonresistance to racialized oppression.

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Gradually, management is turning over more and more control. Control is defined as the power to direct

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### Consolidation

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1. **Introduction**  
 2. **Background**  
 3. **Methodology**  
 4. **Results**  
 5. **Discussion**  
 6. **Conclusion**  
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The number of people who are employed in the service industry is increasing.

The publisher acknowledges that the publisher and the publisher are not responsible for the content of the advertisement.

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Period ended 31 October 2015

Notes to the financial statements

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**1.7 Intangible assets**

Intangible assets are shown at cost less accumulated amortisation. Amortisation is charged on a straight line basis that will write off cost over its useful economic life.

The amortisation policy is as follows:

Software development costs	- 3 years
Contracts and client relationships	- 5 years

Goodwill arises where the fair value of the consideration given for a business exceeds the fair value of its assets, liabilities and contingent liabilities. Goodwill arising on acquisitions is capitalised with an indefinite useful life and tested annually for impairment.

**1.8 Investments**

Investments represent the subsidiary, associate and participating interests of the Group. Subsidiary and participating interests are carried at cost in the financial statements.

Investments in associates are accounted for in the LLP and consolidated financial statements using the equity method. The consolidated income statement includes the group's share of associates' results. The Group's share of the net assets of the associates is shown in the consolidated statement of financial position.

**1.9 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. Fair values of cash and cash equivalents approximate to carrying value owing to the short maturity of these instruments.

**1.10 Property held for sale**

Property is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Property held for sale is measured at the lower of its carrying amount and fair value less costs to sell, with no provision for depreciation.

**1.11 Retirement benefits**

The LLP operated a defined contribution scheme. Pension costs charged against operating profits were the employer's contributions in respect of the accounting period. No contributions were outstanding or pre-paid at the reporting date.

In accordance with the membership agreement, LLP members had an obligation to provide certain former and current members with annuities following their retirement. The obligation to current annuitants was carried on the statement of financial position within 'provisions' and discounted to net present value. Discounting was unwound through the income statement within 'Members' remuneration charged as an expense'.

The obligation to prospective annuitants was recorded within 'Members' retirement benefits' and discounted to net present value with discounting being unwound through the income statement within 'Members' remuneration charged as an expense'.

Under the terms of the merger with BDO LLP, retirement annuity obligations were transferred to BDO LLP in exchange for a reduction in consideration at value.

**1.12 Foreign currencies**

The presentation currency of the Group and LLP is pounds sterling. Pounds sterling is the functional currency of the LLP and its UK based subsidiaries.

Transactions in foreign currencies are translated into pounds sterling at the prevailing rate at the transaction date, with gains and losses being taken to the income statement. Subsidiary entities with functional currencies other than that of the parent entity are translated at the exchange rates prevailing at the reporting date for assets and liabilities, with income and expenditure translated at the average rate of exchange for the period. Gains and losses arising are taken to other comprehensive income.

**1.13 Taxation**

Taxation payable on LLP profits is the personal liability of individual members.

Corporation tax is provided in respect of the applicable liabilities in the subsidiaries.

**1.14 Leased assets and obligations**

Rentals payable under operating leases are charged to the income statement within 'Other operating expenses' on a straight line basis over the term of the lease.

Assets acquired under finance leases or hire purchase agreement are capitalised at the fair value of the assets at the inception of the agreements with the related obligation included in payables. Any excess of payments over the recorded obligations are treated as finance expenses which are amortised over the term of each agreement to give a constant rate of charge on the remaining balance of the obligation.

Operating lease incentives are recorded within 'Trade and other payables' and released to the income statement within 'Other operating expenses' on a straight line basis over the term that economic benefit is derived from the lease.

**1.15 Members' interests, profit allocation and drawings**

Profit is allocated and distributed to individual members, based on a wide range of criteria, including pre-determined profits points and performance elements.

Members' profit shares are treated as members' remuneration charged as an expense in the income statement to the extent that they are allocated, or a priority charge against profits, which includes interest on capital and guaranteed members' bonuses.

Any unallocated profits are included in 'Members' other reserves classified as equity'.

Members' drawings and distributions are set by the relevant governance committees, after considering the working capital needs of the business.

**2 Revenue**

All of the Group's revenue relates to the rendering of services, and is analysed as follows:

	Period ended 31 October 2019 £'000	Year ended 30 April 2018 £'000
Audit and assurance	56,495	70,453
Restructuring and insolvency	3,817	4,033
Tax advisory	21,517	25,345
Corporate advisory services	2,248	6,198
Financial planning	421	2,991
Management consulting	6,407	12,246
Outsourcing services	10,165	16,251
	<u>101,070</u>	<u>137,517</u>

**3 Staff costs**

	Period ended 31 October 2019 £'000	Year ended 30 April 2018 £'000
Salaries	41,087	52,936
Social security	3,978	5,487
Staff benefits	1,761	2,400
Pension	2,832	2,851
	<u>49,658</u>	<u>63,674</u>

The average number of full time employees during the period to the cessation of MSR Partners LLP's trade was 904 and thereafter nil (2018: 966).

**4 Other operating expenses**

	Period ended 31 October 2019 £'000	Year ended 30 April 2018 £'000
Other operating expenses include:		
Operating lease rentals – property	5,726	3,685
Foreign exchange (profits)/losses	(23)	182
Group auditor's remuneration:		
Audit of the LLP and consolidated financial statements	68	68

No amounts were paid to the group auditors for non-audit services.

**5 Profits on business disposals**

On 14 December 2018, a wholly owned subsidiary Moore Stephens Consulting Limited and certain assets were acquired by Verisk Analytics Inc. for cash consideration. On 18 January 2019 the wealth management business unit was acquired by Tilney Group for cash consideration. On 1 February 2019 the LLP's remaining business units merged into BDO LLP.

Profits on business disposals comprise:

	Period ended 31 October 2019 £'000	Year ended 30 April 2018 £'000
Consulting business unit	63,646	-
Wealth management business unit	7,626	-
Other business units	15,340	-
Other investments	(135)	-
Less: unallocated costs	(3,473)	-
	<u>83,004</u>	<u>-</u>

**6 Finance expense**

	2019 £'000	2018 £'000
Interest payable on bank loans and overdrafts	642	752
Unwinding of discounting – post retirement payments to former members	-	173
	<u>642</u>	<u>925</u>

**7 Tax**

Corporation tax on profits of subsidiaries:

	Period ended 31 October 2019 £'000	Year ended 30 April 2018 £'000
Current tax credit	(139)	(48)
Tax attributable to the LLP's subsidiaries	<u>(139)</u>	<u>(48)</u>

**8 Members' remuneration and key management remuneration**

	Period ended 31 October 2019 £'000	Year ended 30 April 2018 £'000
Partnership Committee	17,651	3,470
Management Board	21,400	3,694
Average per member	1,117	298
Highest paid member	5,668	703

The average number of members during the period was 86 (2018: 81).

**9 Members' remuneration charged as an expense**

	Period ended 31 October 2019 £'000	Year ended 30 April 2018 £'000
Individual members' remuneration	95,568	6,615
Interest on annuity scheme liabilities	16	21
Experience gains on annuity scheme liabilities	(37)	(34)
Changes in actuarial assumptions – annuities	15	(10)
	95,562	6,592

Members' remuneration includes both trading profits and capital profits.

**10 Property, plant and equipment**

Group	Long leasehold property £'000	Leasehold improvements £'000	Furniture, fittings and equipment £'000	Computer equipment £'000	Total £'000
<b>Cost</b>					
At 1 May 2017	150	8,194	634	2,455	11,433
Additions	-	170	179	368	717
Assets acquired on business combinations	-	-	6	7	13
Disposals	-	-	(121)	(1,015)	(1,136)
At 1 May 2018	150	8,364	698	1,815	11,027
Disposals	-	(8,364)	(698)	(1,815)	(10,877)
Transfer to held for sale	(150)	-	-	-	(150)
At 31 October 2019	-	-	-	-	-
<b>Depreciation</b>					
At 1 May 2017	23	4,699	259	2,038	7,019
Charged in year	1	920	155	454	1,530
Disposals	-	-	(121)	(1,015)	(1,136)
At 1 May 2018	24	5,619	293	1,477	7,413
Charged in the period	1	989	262	89	1,341
Disposals	-	(6,608)	(555)	(1,566)	(8,729)
Transfer to held for sale	(25)	-	-	-	(25)
At 31 October 2019	-	-	-	-	-
<b>Net book value</b>					
At 31 October 2019	-	-	-	-	-
At 30 April 2018	126	2,745	405	338	3,614

Computer equipment includes assets held under finance leases with a net book value of £nil (2018: £112,000). The depreciation charge for the period was £nil (2018: £107,000).

10 Property, plant and equipment (continued)

LLP	Long leasehold property £'000	Leasehold improvements £'000	Furniture, fittings and equipment £'000	Computer equipment £'000	Total £'000
<b>Cost</b>					
At 1 May 2017	150	8,174	621	2,417	11,362
Additions	-	170	175	353	698
Disposals	-	-	(121)	(1,015)	(1,136)
At 1 May 2018	150	8,344	675	1,755	10,924
Additions	-	944	321	81	1,346
Disposals	-	(9,288)	(996)	(1,836)	(12,120)
Transfer to held for sale	(150)	-	-	-	(150)
At 31 October 2019	-	-	-	-	-
<b>Depreciation</b>					
At 1 May 2017	23	4,680	251	2,013	6,967
Charged in year	1	920	152	439	1,512
Disposals	-	-	(121)	(1,015)	(1,136)
At 1 May 2018	24	5,600	282	1,437	7,343
Charged in period	1	989	262	-	1,252
Disposals	-	(6,589)	(544)	(1,437)	(8,570)
Transfer to held for sale	(25)	-	-	-	(25)
At 31 October 2019	-	-	-	-	-
<b>Net book value</b>					
At 31 October 2019	-	-	-	-	-
At 30 April 2018	126	2,744	393	318	3,581

Within computer equipment are assets held under finance leases with a net book value of £nil (2018: £112,000). The depreciation charge for the period was £nil (2018: £107,000).

**11 Intangible assets**

Group	Software development £'000	Goodwill £'000	Contracts £'000	Total £'000
<b>Cost</b>				
At 1 May 2017	1,646	13,670	6,503	21,819
Additions	749	790	313	1,852
Assets acquired on business combinations	7	-	320	327
At 1 May 2018	2,402	14,460	7,136	23,998
Additions	-	-	-	-
Disposals	(2,402)	(14,460)	(7,136)	(23,998)
At 31 October 2019	-	-	-	-
<b>Amortisation</b>				
At 1 May 2017	989	72	2,578	3,639
Charged in year	322	36	1,429	1,787
At 1 May 2018	1,311	108	4,007	5,426
Charged in the period	288	27	1,003	1,318
Disposals	(1,599)	(135)	(5,010)	(6,744)
At 31 October 2019	-	-	-	-
<b>Net book value</b>				
At 31 October 2019	-	-	-	-
At 30 April 2018	1,091	14,352	3,129	18,572



**11 Intangible assets (continued)**

LLP	Software development £'000	Goodwill £'000	Contracts £'000	Total £'000
<b>Cost</b>				
At 1 May 2017	1,646	13,670	6,503	21,819
Additions	668	591	314	1,573
At 1 May 2018	2,314	14,261	6,817	23,392
Additions	391	60	-	451
Disposals	(2,705)	(14,321)	(6,817)	(23,843)
At 31 October 2019	-	-	-	-
<b>Amortisation</b>				
At 1 May 2017	989	72	2,578	3,639
Charged in year	310	36	1,370	1,716
At 1 May 2018	1,299	108	3,948	5,355
Charged in the period	288	27	1,003	1,318
Impairment	-	25	-	25
Disposals	(1,587)	(160)	(4,951)	(6,698)
At 31 October 2019	-	-	-	-
<b>Net book value</b>				
At 31 October 2019	-	-	-	-
At 30 April 2018	1,015	14,153	2,869	18,037

**12 Investments**

Group	Investment in associates £'000	Other investments £'000	Total £'000
Cost at 1 May 2017	155	127	282
Share of associate profit	24	-	24
Equity capital adjustment	257	259	516
Dividends received	(24)	-	(24)
Disposals	(410)	-	(410)
At 30 April 2018	2	386	388
Disposals	-	(386)	(386)
Provisions	(2)	-	(2)
At 31 October 2019	-	-	-

LLP	Investment in subsidiaries £'000	Investment in associates £'000	Other investments £'000	Total £'000
<b>Cost</b>				
At 1 May 2017	415	154	24	593
Share of associate profit	-	24	-	24
Dividends received	-	(24)	-	(24)
Equity capital adjustment	-	257	259	516
Disposals	-	(410)	-	(410)
At 30 April 2018	415	1	283	699
Disposals	(415)	-	(271)	(686)
At 31 October 2019	-	1	12	13
<b>Provisions</b>				
At 1 May 2018	-	-	21	21
Disposals	-	-	(9)	(9)
Charge	-	1	-	1
At 31 October 2019	-	1	12	13
<b>Net book value</b>				
At 31 October 2019	-	-	-	-
At 30 April 2018	415	1	262	678

**13 Trade and other receivables**

	<b>Group</b>	<b>Group</b>	<b>LLP</b>	<b>LLP</b>
	<b>31 October</b>	<b>30 April</b>	<b>31 October</b>	<b>30 April</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Deferred consideration receivable	15,158	-	15,158	-
Trade receivables	1,572	34,026	1,564	31,079
Accrued income	397	11,620	397	11,550
Intercompany receivable	-	-	-	2,551
Other receivables	977	1,427	935	1,293
Prepayments	811	4,023	811	3,871
	<b>18,915</b>	<b>51,096</b>	<b>18,865</b>	<b>50,344</b>

Deferred consideration is due in more than one year and has not been discounted to reflect its net present value since materially all long term receivables are held in interest bearing escrow accounts.

The ageing and credit risk relating to trade receivables is analysed as follows:

	<b>Group</b>	<b>Group</b>	<b>LLP</b>	<b>LLP</b>
	<b>31 October</b>	<b>30 April</b>	<b>31 October</b>	<b>30 April</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
30 days or less, fully performing	14	20,761	14	17,843
31 to 180 days, past due and fully performing	60	12,767	60	12,738
More than 180 days, past due and impaired	3,052	1,752	3,044	1,750
Impairment provision	(1,554)	(1,254)	(1,554)	(1,252)
	<b>1,572</b>	<b>34,026</b>	<b>1,564</b>	<b>31,079</b>

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

Movements in the impairment provision on trade receivables were as follows:

	<b>Group</b>	<b>Group</b>	<b>LLP</b>	<b>LLP</b>
	<b>31 October</b>	<b>30 April</b>	<b>31 October</b>	<b>30 April</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance at 1 May	1,254	919	1,252	916
Charged to the income statement	1,023	1,319	1,023	1,319
Release to the income statement	(806)	(279)	(804)	(279)
Utilised during the period	83	(705)	83	(704)
Balance at 31 October	<b>1,554</b>	<b>1,254</b>	<b>1,554</b>	<b>1,252</b>

**14 Non-current assets held for sale**

	Long leasehold property £'000
Group and LLP	
Net book value	
At 1 May 2018	-
Transfer from property, plant and equipment	125
At 31 October 2019	<u>125</u>

On 31 October 2019, the long leasehold property was transferred to property held for sale at net book value of £125,000.

**15 Trade and other payables**

	Group 31 October 2019 £'000	Group 30 April 2018 £'000	LLP 31 October 2019 £'000	LLP 30 April 2018 £'000
Trade payables	77	5,387	58	4,875
Fees on account	-	2,501	-	2,495
Deferred consideration	-	3,710	-	3,710
Intercompany payable	-	-	692	-
Social security and other taxes	325	5,238	256	5,139
Obligations under finance leases	-	76	-	76
Forward exchange contracts	-	483	-	483
Accruals and deferred income	4,411	4,384	4,406	4,262
Other payables	1,202	267	1,265	41
	<u>6,015</u>	<u>22,046</u>	<u>6,677</u>	<u>21,081</u>

**16 Borrowings**

	Group 31 October 2019 £'000	Group 30 April 2018 £'000	LLP 31 October 2019 £'000	LLP 30 April 2018 £'000
<b>Current</b>				
Bank loans	-	1,600	-	1,600
	<u>-</u>	<u>1,600</u>	<u>-</u>	<u>1,600</u>
<b>Non-current</b>				
Bank loans	-	15,500	-	15,500
	<u>-</u>	<u>15,500</u>	<u>-</u>	<u>15,500</u>

The borrowings were repayable as follows:

	Group 31 October 2019 £'000	Group 30 April 2018 £'000	LLP 31 October 2019 £'000	LLP 30 April 2018 £'000
Within one year	-	1,600	-	1,600
Between one and two years	-	1,600	-	1,600
In second to fifth years inclusive	-	13,900	-	13,900
	<u>-</u>	<u>17,100</u>	<u>-</u>	<u>17,100</u>

The bank loan facilities were secured by way of floating charge on the assets of the LLP. These borrowings were repayable by a mixture of quarterly and balloon instalments between May 2018 and April 2023. Interest was charged on these borrowings at 1.75% (2018 – 1.75%) over LIBOR. The bank loans were fully settled by the Group and LLP during the period.

**17 Provisions**

Group and LLP	Annuities £'000	Property £'000	Claims £'000	Total £'000
At 1 May 2017	7,178	170	353	7,701
Settlement of obligation in year	(483)	-	-	(483)
Provided in year	268	-	108	376
At 30 April 2018	6,963	170	461	7,594
Settlement of obligation in period	(366)	(1,100)	(379)	(1,845)
Business disposal	(6,884)	(412)	-	(7,296)
Provided in period	287	1,342	1,288	2,917
At 31 October 2019	-	-	1,370	1,370

The expected timings of the utilisation of the provisions is as follows:

Group and LLP	Annuities £'000	Property £'000	Claims £'000	Total £'000
Within 12 months	-	-	305	305
Between 1 and 5 years	-	-	1,065	1,065
At 31 October 2019	-	-	1,370	1,370

**Annuities**

The LLP operated a defined benefit pension arrangement called the Moore Stephens Partners Profit Sharing Pension Scheme (the Scheme).

The Scheme was an unfunded, unapproved defined benefit scheme. The Scheme held no assets and all pensions were met directly by the LLP.

The obligations under the Scheme were transferred to BDO LLP in exchange for a reduction in consideration for value during the period and therefore no provision is made at 31 October 2019 in these financial statements.

**Property**

Provision is made for the present value of obligations in relation to leasehold properties where there is a requirement to return the property in a certain condition at the end of the lease or where the aggregate cost of fulfilling a lease contract exceeds the benefit derived from it.

**Claims**

Provision is made on a prudent basis in respect of disputes in the ordinary course of business which may give rise to claims by clients and others or investigations commenced by regulatory bodies which may lead to regulatory proceedings and includes a prudent estimate of the costs likely to be incurred in defending and concluding claims, net of anticipated insurance recoveries.

The Group carries professional indemnity insurance and no separate disclosure is made of the detail of claims or the costs covered by insurance, as to do so could seriously prejudice the position of the Group.

**18 Other non-current liabilities**

	<b>Group</b>	<b>Group</b>	<b>LLP</b>	<b>LLP</b>
	<b>31 October</b>	<b>30 April</b>	<b>31 October</b>	<b>30 April</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Deferred consideration	-	3,530	-	3,530
Obligations under finance leases	-	26	-	26
	<u>-</u>	<u>3,556</u>	<u>-</u>	<u>3,556</u>

**19 Commitments under operating leases**

The Group's total commitments under non-cancellable operating leases, together with the obligations by maturity, are as follows:

	<b>Land and buildings</b>	<b>Land and buildings</b>
	<b>31 October</b>	<b>30 April</b>
	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	3,300	3,613
1 - 5 years	550	6,233
More than five years	-	178
	<u>3,850</u>	<u>10,024</u>
Less: Refundable by BDO LLP	<u>(3,850)</u>	<u>-</u>
	<u>-</u>	<u>10,024</u>

**20 Commitments under finance leases**

The Group had finance leases and hire purchase contracts for various items of computer equipment. Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments were as follows:

<b>Group and LLP</b>	<b>Minimum payments</b>	<b>Present value of payments</b>	<b>Minimum payments</b>	<b>Present value of payments</b>
	<b>31 October</b>	<b>31 October</b>	<b>30 April</b>	<b>30 April</b>
	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Within one year	-	-	76	72
1 - 5 years	-	-	26	22
Total minimum lease payments	<u>-</u>	<u>-</u>	<u>102</u>	<u>94</u>

**21 Financial Instruments – Risk Management**

**21.1 Financial assets**

Group	Measured at amortised cost	Measured at fair value through profit & loss	Measured at amortised cost	Measured at fair value through profit & loss
	31 October 2019 £'000	31 October 2019 £'000	30 April 2018 £'000	30 April 2018 £'000
Cash	17,388	-	2,308	-
Loans and receivables	19,658	-	48,327	-
Impairment allowances	(1,554)	-	(1,254)	-
	<u>35,492</u>	<u>-</u>	<u>49,381</u>	<u>-</u>

LLP	Measured at amortised cost	Measured at fair value through profit & loss	Measured at amortised cost	Measured at fair value through profit & loss
	31 October 2019 £'000	31 October 2019 £'000	30 April 2018 £'000	30 April 2018 £'000
Cash	17,368	-	1,547	-
Loans and receivables	19,608	-	47,725	-
Impairment allowances	(1,554)	-	(1,252)	-
	<u>35,422</u>	<u>-</u>	<u>48,020</u>	<u>-</u>

**MSR Partners LLP**  
**Notes to the financial statements**  
Period ended 31 October 2019

**21.2 Financial liabilities**

Group	Measured at amortised cost	Measured at fair value through profit & loss	Measured at amortised cost	Measured at fair value through profit & loss
	31 October 2019 £'000	31 October 2019 £'000	30 April 2018 £'000	30 April 2018 £'000
Trade payables	77	-	5,387	-
Deferred consideration	-	-	7,240	-
Obligations under finance leases	-	-	102	-
Forward exchange contracts	-	-	-	483
Borrowings	-	-	17,100	-
	<b>77</b>	<b>-</b>	<b>29,829</b>	<b>483</b>

LLP	Measured at amortised cost	Measured at fair value through profit & loss	Measured at amortised cost	Measured at fair value through profit & loss
	31 October 2019 £'000	31 October 2019 £'000	30 April 2018 £'000	30 April 2018 £'000
Trade payables	58	-	4,875	-
Deferred consideration	-	-	7,240	-
Intercompany payable	692	-	-	-
Obligations under finance leases	-	-	102	-
Forward exchange contracts	-	-	-	483
Borrowings	-	-	17,100	-
	<b>750</b>	<b>-</b>	<b>29,317</b>	<b>483</b>



### 21.3 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Exposure is monitored on a routine basis and credit evaluations are performed on clients as appropriate. The Group's exposure to that risk is influenced mainly by the individual characteristics of each client.

The credit risk inherent in customer receivables has been assessed with reference to historical credit loss data from the LLP's client portfolio, as well as data relating to payment practices within the sectors in which it operates. This, when considered alongside forecast macro-economic data, allows the LLP to arrive at an appropriate provisioning basis for losses arising from credit default. This basis assumes that the credit risk associated with customer receivables does not increase significantly once it is thirty days past due.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions.

The minimum long-term credit rating of all banks and financial institutions who held the Group's cash and cash equivalents was BBB+.

The Group monitors the credit ratings of counterparties regularly and at the reporting date does not expect any losses from non-performance by the counterparties.

### 21.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The only market risk the Group faces is its exposure to movements in foreign currencies which affect the cash flows the Group pays and receives.

### 21.5 Foreign exchange risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. As of 31 October 2019 the Group's net exposure to foreign exchange risk was as follows.

Group

31 October 2019	Euro	Qatari Riyal	West African Franc	US Dollar	Czech Koruna	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents	16	-	-	50	-	-	66
Trade receivables	50	-	-	-	-	-	50
<b>Net exposure</b>	<b>66</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>116</b>

30 April 2018	Euro	Qatari Riyal	West African Franc	US Dollar	Czech Koruna	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents	2,691	88	-	2,079	112	-	4,970
Trade receivables	3,907	-	140	4,413	-	331	8,791
Trade and other payables	(729)	-	-	(256)	-	(64)	(1,049)
<b>Net exposure</b>	<b>5,869</b>	<b>88</b>	<b>140</b>	<b>6,236</b>	<b>112</b>	<b>267</b>	<b>12,712</b>

**21.5 Foreign exchange risk (continued)**

**LLP**

**31 October 2019**

	<b>Euro</b>	<b>Qatari Riyal</b>	<b>West African Franc</b>	<b>US Dollar</b>	<b>Czech Koruna</b>	<b>Other</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash and cash equivalents	16	-	-	50	-	-	66
Trade receivables	50	-	-	-	-	-	50
<b>Net exposure</b>	<b>66</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>116</b>

**30 April 2018**

	<b>Euro</b>	<b>Qatari Riyal</b>	<b>West African Franc</b>	<b>US Dollar</b>	<b>Czech Koruna</b>	<b>Other</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash and cash equivalents	2,691	88	-	1,748	-	-	4,527
Trade receivables	3,838	-	140	4,006	-	331	8,315
Trade and other payables	(729)	-	-	(256)	-	(64)	(1,049)
<b>Net exposure</b>	<b>5,800</b>	<b>88</b>	<b>140</b>	<b>5,498</b>	<b>-</b>	<b>267</b>	<b>11,793</b>

During the period ended 31 October 2019 the Group and LLP entered into forward exchange contracts as a method of mitigating exposure to foreign exchange risk with foreign currency customer receivables. There were no outstanding contracts at 31 October 2019.

**Sensitivity analysis**

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar or Euro exchange rates, with all other variables held constant, of the Group's profit or loss before tax.

	<b>Increase/ (decrease) in Euro rate %</b>	<b>Effect on profit or loss before tax £'000</b>	<b>Increase/ (decrease) in US dollar rate %</b>	<b>Effect on profit or loss before tax £'000</b>
2019	5	(3)	5	(2)
	(5)	3	(5)	3
2018	5	(279)	5	(297)
	(5)	309	(5)	328

**21.6 Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Further information about the timing of the settlement of financial liabilities is given in the respective liabilities notes.

The LLP maintains a projected cash flow model to monitor its funding arrangements and appropriately manage operational cash flows.

Another relevant consideration in terms of the LLP's cash management activities is the timing of profit distributions. These are only made to members where the Group is reasonably assured that there are sufficient funds to meet future cash flow requirements.

## 22 Notes to the statement of cash flows

### Proceeds on business disposals Group and LLP

Asset disposals	Period ended 31 October 2019 £'000	Year ended 30 April 2018 £'000
Property, plant and equipment	2,148	-
Intangible assets	17,254	-
Trade and other receivables	18,987	-
Trade and other payables	(5,806)	-
Finance leases	(59)	-
Deferred consideration	(3,525)	-
Provisions	(7,296)	-
	21,703	-
Profit on business disposals	83,004	-
	104,707	-
Deferred consideration	(15,158)	-
Proceeds on business disposals	89,549	-

### Reconciliation of cash flow to movement in net debt

	Group 31 October 2019 £'000	Group 30 April 2018 £'000	LLP 31 October 2019 £'000	LLP 30 April 2018 £'000
Net increase in cash and cash equivalents	14,977	5,741	15,718	6,157
Effect of exchange rate changes	-	39	-	-
	14,977	5,780	15,718	6,157
Issue of new bank loans	-	(11,700)	-	(11,700)
Repayment of bank loans	17,100	5,650	17,100	5,650
Repayment of finance leases	102	156	102	156
Movement in net debt in the period	32,179	(114)	32,920	263
Net debt at 1 May 2018	(14,894)	(14,780)	(15,655)	(15,918)
Net cash at 31 October 2019	17,285	(14,894)	17,265	(15,655)

**22 Notes to the statement of cash flows (continued)**

**Schedule of changes in net debt**

**Group**

	<b>At 1 May 2018 £'000</b>	<b>Cash flow £'000</b>	<b>Non Cash Movement £'000</b>	<b>At 31 October 2019 £'000</b>
Cash at bank and in hand	2,308	14,977	-	17,285
Bank Loans:				
Due in one year	(1,600)	1,600	-	-
Due after more than one year	(15,500)	15,500	-	-
Obligation under finance leases	(102)	102	-	-
	<b>(14,894)</b>	<b>32,179</b>	<b>-</b>	<b>17,285</b>

**LLP**

	<b>At 1 May 2018 £'000</b>	<b>Cash flow £'000</b>	<b>Non Cash Movement £'000</b>	<b>At 31 October 2019 £'000</b>
Cash at bank and in hand	1,547	15,718	-	17,265
Bank Loans:				
Due in one year	(1,600)	1,600	-	-
Due after more than one year	(15,500)	15,500	-	-
Obligation under finance leases	(102)	102	-	-
	<b>(15,655)</b>	<b>32,920</b>	<b>-</b>	<b>17,265</b>

**23 Related party transactions**

Certain members of MSR Partners LLP (formerly Moore Stephens LLP) held an interest in a Bermudian partnership operating as a parallel, unconnected business. During the prior year the LLP provided a short term loan to the Bermudian Partnership. The loan was settled during the period. The amount outstanding as at 31 October 2019 was £Nil (2018 - £671,000).

Following the merger with BDO LLP certain members of the LLP became members of BDO LLP with some appointed to key management positions. Transactions with BDO LLP group reflect the terms of the sale and purchase agreement including the receipt of proceeds, settlement of lease commitments and collection of trade receivables. The amount receivable from BDO LLP group at 31 October 2019 was £4,355,000 (2018 - £Nil).

**24 Group undertakings**

At 31 October 2019, the Group holds an economic interest in the following subsidiaries:

<b>Company name</b>	<b>Country of incorporation</b>	<b>Accounting reference date</b>	<b>% held</b>	<b>Nature of business</b>
MSR Partners Group Limited	England & Wales	31 October	100	Holding company
MSR Associates Limited	England & Wales	31 October	100	Holding company
MSR Waterside Limited	England & Wales	31 October	100	Dormant
MSR Financial Planning Limited	England & Wales	31 October	100	Dormant
MS Contractors Limited	Cyprus	31 December	100	Dormant

## 24 Group undertakings (continued)

The Group disposed of the following subsidiaries during the period ending 31 October 2019:

Company name	Country of incorporation	Accounting reference date	% held	Nature of business
Moore Stephens (VAT Agents) Ltd	England & Wales	30 April	100	VAT agency
Moore Stephens Consulting Ltd	England & Wales	30 April	100	IT consultancy
Snow Hill Trustees Ltd	England & Wales	30 April	100	Trustee company
Moore Stephens Insight Ltd	England & Wales	30 April	51	Management consultancy
Docmanager Ltd	England & Wales	30 April	50	Business support
Moore Stephens Spolecnost Sro	Czech Republic	31 December	100	Holding company
Moore Stephens Audit Sro	Czech Republic	31 December	100	Holding company
Moore Stephens IFI Sarl	DRC	31 December	90	Accountancy services
Moore Stephens IFI Ltd	Zambia	30 April	99	Accountancy services
Moore Stephens IFI Sarl	Lebanon	30 April	100	Accountancy services
Moore Stephens IFI Sarl	Madagascar	30 April	100	Accountancy services
Moore Stephens IFI Harare (Private) Ltd	Zimbabwe	30 April	49	Accountancy services
Moore Stephens IFI Sprl	Burundi	31 December	100	Accountancy services
Moore Stephens IFI Sprl Senegal	Senegal	30 April	100	Dormant
Rslt International Limited	England & Wales	30 April	70	Holding company
Rslt UK Limited	England & Wales	30 April	100	IT consultancy
Rslt IT BV	Netherlands	30 April	100	IT consultancy
Rslt IT Security BV	Netherlands	30 April	100	IT consultancy
Dataswitcher BV	Netherlands	30 April	50	IT consultancy
Moore Collections Ltd	England & Wales	30 April	100	Dormant
Rslt International Limited	England & Wales	30 April	70	IT consultancy
Ingenious Business Solutions Ltd	England & Wales	30 April	100	Dormant
Moore Stephens Trustees Ltd	England & Wales	30 April	100	Dormant
Crossburn Trustees Ltd	England & Wales	30 April	50	Dormant
MS Contractors Ltd	Cyprus	31 December	100	Dormant
Moore Stephens IFI (Private) Ltd	Pakistan	30 April	99	Dormant
Moore Stephens IFI Ltd	PNG	30 April	99	Dormant

At 31 October 2019 the Group held an economic interest in the following:

Company name	Country of incorporation	Accounting reference date	% held	Nature of business
Moore Stephens (Riga) Ltd	Latvia	31 December	49	Accountancy services
Moore Stephens Sro	Czech Republic	28 February	25	Accountancy services

## 25 Post balance sheet events

The Group acknowledges the current outbreak of COVID-19 which is causing economic disruption in most countries and its potentially adverse economic impact. The Group has concluded that these developments after the period end did not provide evidence of conditions that existed at the end of the reporting period and have therefore assessed that any impact they have had is non-adjusting.