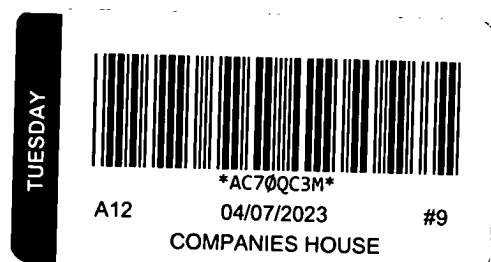


MSR Partners LLP

Financial Statements for the Year Ended 31 October 2022

Registered Number: OC313071



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The members present their report and financial statements for the year ended 31 October 2022.

Principal activities

Following the cessation of trading on 1 February 2019, the LLP is engaged in the orderly realisation of assets and the settlement of liabilities.

Previously, the principal activities of the LLP included the provision of audit and assurance, tax advisory, financial planning, management consulting, corporate advisory services, restructuring and insolvency and outsourcing services.

Structure and governance of the LLP

The Administrative Committee oversees the ongoing day to day operations of the LLP and adherence to the applicable regulatory frameworks.

The following individuals were designated members during the year:

Simon Gallagher
Jon Randall
Phil Cowan
Simon Baylis
Jeremy Willmont

Members' profit shares and distributions

The allocation of profit to individual members is made by the relevant governance committees based on a range of criteria including pre-determined profits points and performance elements.

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

Statement of members' responsibilities in respect of the financial statements

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

The Limited Liability Partnerships (*Accounts and Audit*) (*Application of the Companies Act 2006*) *Regulations 2008* require the members to prepare financial statements for each financial year. Under these regulations the members have elected to prepare the financial statements in accordance with UK adopted international accounting standards. Under these regulations the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Limited Liability Partnership and of the profit or loss of the Limited Liability Partnership for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Limited Liability Partnership will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the Limited Liability Partnership's transactions, disclose with reasonable accuracy at any time the financial position of the Limited Liability Partnership, and enable them to ensure that the financial statements comply with the Limited Liability Partnerships (*Accounts and Audit*) (*Application of the Companies Act 2006*) *Regulations 2008*. They are also responsible for safeguarding the assets of the Limited Liability Partnership and hence 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, 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 30 June 2023.



Simon Gallagher
Designated member



Jon Randall
Designated member

MSR Partners LLP
Statement of Financial Position
As at 31 October 2022

Registered number: OC313071

| | Note | 2022 £'000 | 2021 £'000 |
|----------------------------------|------|---------------|---------------|
| Non-current assets | | | |
| Non-current assets held for sale | 5 | 125 | 125 |
| Investment in subsidiaries | 6 | - | - |
| Current assets | | | |
| Trade and other receivables | 7 | 3,028 | 10,098 |
| Cash and cash equivalents | | 7,003 | 6,204 |
| | | <u>10,031</u> | <u>16,302</u> |
| Total assets | | <u>10,156</u> | <u>16,427</u> |
| Current liabilities | | | |
| Trade and other payables | 8 | 1,104 | 1,432 |
| Amounts due to members | | 8,270 | 14,188 |
| | | <u>9,374</u> | <u>15,620</u> |
| Non-current liabilities | | | |
| Provisions | 9 | 782 | 807 |
| | | <u>782</u> | <u>807</u> |
| Total liabilities | | <u>10,156</u> | <u>16,427</u> |
| Net assets | | <u>-</u> | <u>-</u> |
| Represented by: | | | |
| Total members' interests | | <u>-</u> | <u>-</u> |

- The financial statements have been delivered in accordance with the provisions applicable to LLPs subject to the small LLPs regime.
- The LLP has opted not to file the statement of comprehensive income in accordance with the provisions applicable to LLPs subject to the small LLPs regime.
- For the year ended 31 October 2022 the LLP was entitled to exemption from audit under section 477 of the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) relating to small LLPs.
- The members acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.
- These accounts have been prepared in accordance with the provisions applicable to LLPs subject to the small LLPs regime.

The financial statements were approved by the members and authorised for issue on 30 June 2023 and signed on their behalf by:



Jon Randall
Designated member



Phil Cowan
Designated member

MSR Partners LLP
Statement of Cash Flows
Year ended 31 October 2022

| | 2022 | 2021 |
|---|----------------|----------------|
| | £'000 | £'000 |
| Cash flows from operating activities (discontinued operations) | | |
| Operating profit | 432 | 59 |
| Non-cash adjustments | | |
| Movements in provisions | (25) | (271) |
| Working capital adjustments | | |
| (Increase)/decrease in trade and other receivables | (263) | 846 |
| Decrease in trade and other payables | (328) | (1,242) |
| Net cash outflow from operating activities | (184) | (608) |
| Cash flows from investing activities | | |
| Proceeds on business disposals | 7,430 | 5,961 |
| Interest received | 5 | 3 |
| Net cash inflow from investing activities | 7,435 | 5,964 |
| Cash flows from financing activities | | |
| Payments to members | (6,452) | (2,778) |
| Net cash outflow from financing activities | (6,452) | (2,778) |
| Net increase in cash and cash equivalents | 799 | 2,578 |
| Cash and cash equivalents at beginning of year | 6,204 | 3,626 |
| Cash and cash equivalents at end of year | 7,003 | 6,204 |
| Cash and cash equivalents consist of: | | |
| Cash in hand and balances with banks | 7,003 | 6,204 |

Note 11 forms part of this Statement of Cash Flows.

MSR Partners LLP
Statement of Changes in Equity and Members' Interests
Year ended 31 October 2022

Classified as liabilities:

**Amounts
due
to/(from)
members
£'000**

| | |
|---|---------------------|
| At 1 November 2020 | 15,782 |
| Members' remuneration charged as an expense | 1,184 |
| Drawings and distributions | (2,778) |
| At 31 October 2021 | <u>14,188</u> |
| Members' remuneration charged as an expense | 534 |
| Drawings and distributions | (6,452) |
| At 31 October 2022 | <u><u>8,270</u></u> |

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 comprise the results and financial position of MSR Partners ('LLP') as a stand-alone entity. As permitted by section 399 of the Companies Act 2006, the LLP has not prepared group accounts.

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 UK adopted international accounting standards ("IAS"), and with those parts of the Companies Act 2006 applicable to limited liability partnerships ('LLPs') reporting under IAS.

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 LLP has adopted all new standards, interpretations and amendments mandatorily effective for the year beginning 1 November 2021, the adoption of which has not had a material effect on the LLP.

Accounting Standards that have recently been issued or amended but are not yet mandatory, have not been early adopted by the LLP. The impact of these new standards or amendments is not expected to have a material effect on future periods.

1.3 Critical accounting estimates and judgements

The preparation of financial statements in conformity with IAS 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 LLP's financial results relate to the valuation of deferred consideration and provisions for claims.

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 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.

1.5 Investments

Investments in subsidiaries are carried at cost less impairment in the financial statements.

1.6 Receivables and Payables

Receivables and payables are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

1.7 Cash and cash equivalents

Cash and cash equivalents include 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.

1.8 Foreign currencies

The presentation currency of the LLP is pounds sterling. Sterling is the functional currency of the LLP.

Transactions in foreign currencies are translated into sterling at the prevailing rate at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into sterling using the rate of exchange ruling at the date of the statement of financial position and gains and losses are included in the income statement.

1.9 Taxation

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

1.10 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.

Any unallocated profits are included in other reserves.

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

2 Employees

The average number of full time employees during the year was nil (2021: nil).

3 Members' remuneration and key management remuneration

| | 2022 £'000 | 2021 £'000 |
|--------------------------|---------------|---------------|
| Administrative Committee | 95 | 196 |
| Average per member | 17 | 37 |
| Highest paid member | 24 | 49 |

The average number of members during the year was 32 (2021: 32).

4 Members' remuneration charged as an expense

| | 2022 £'000 | 2021 £'000 |
|----------------------------------|---------------|---------------|
| Individual members' remuneration | 534 | 1,184 |

Members' remuneration includes both trading profits and capital profits.

5 Non-current assets held for sale

| | Long leasehold property £'000 |
|-----------------------------|-------------------------------------|
| Net book value | |
| At 31 October 2021 and 2022 | 125 |

On 31 October 2019, the long leasehold property was transferred to property held for sale at net book value of £125,000. Subsequent to the date of the statement of financial position, contracts were exchanged for the sale of the property for an amount exceeding net book value.

6 Investment in subsidiaries

At 31 October 2022, the LLP holds an economic interest in the following subsidiary:

| Company name | Country of incorporation | Accounting reference date | % held | Nature of business |
|----------------------------|--------------------------|---------------------------|--------|--|
| MSR Partners Group Limited | England & Wales | 31 October | 100 | Holding company (dissolved on 18 March 2023) |

7 Trade and other receivables

| | 2022 £'000 | 2021 £'000 |
|-----------------------------------|---------------|---------------|
| Deferred consideration receivable | 2,806 | 9,384 |
| Trade receivables | 80 | 55 |
| Other receivables | 7 | 502 |
| Prepayments | 135 | 157 |
| | <u>3,028</u> | <u>10,098</u> |

Deferred consideration amounting to £2,806,000 (2021: £9,359,000) is due in more than one year and has not been discounted to reflect its net present value since receivables are held in interest bearing escrow accounts.

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

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| 30 days or less, fully performing | - | - |
| 31 to 180 days, past due and fully performing | - | - |
| More than 180 days, past due and fully performing | 80 | 165 |
| Impairment provision | - | (110) |
| | <u>80</u> | <u>55</u> |

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

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

| | 2022 £'000 | 2021 £'000 |
|----------------------------------|---------------|---------------|
| Balance at 1 November | 110 | 430 |
| Released to the income statement | (110) | (320) |
| Balance at 31 October | <u>-</u> | <u>110</u> |

8 Trade and other payables

| | 2022 £'000 | 2021 £'000 |
|---------------------------------|---------------|---------------|
| Trade payables | 17 | 10 |
| Social security and other taxes | - | 5 |
| Accruals and deferred income | 1,077 | 1,414 |
| Other payables | 10 | 3 |
| | <u>1,104</u> | <u>1,432</u> |

9 Provisions

| | Claims £'000 |
|----------------------------------|-------------------------|
| At 1 November 2020 | 1,078 |
| Settlement of obligation in year | (271) |
| At 31 October 2021 | <u>807</u> |
| Settlement of obligation in year | (25) |
| At 31 October 2022 | <u><u>782</u></u> |

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

| | Claims £'000 |
|-----------------------|-------------------------|
| Within 12 months | 198 |
| Between 1 and 5 years | 584 |
| At 31 October 2022 | <u><u>782</u></u> |

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.

The LLP 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 LLP.

10 Financial Instruments – Risk Management

10.1 Financial assets

Measured at amortised cost

| | 2022 | 2021 |
|-----------------------|--------------|---------------|
| | £'000 | £'000 |
| Cash | 7,003 | 6,204 |
| Loans and receivables | 2,886 | 10,051 |
| Impairment allowances | - | (110) |
| | <u>9,889</u> | <u>16,145</u> |

10.2 Financial liabilities

Measured at amortised cost

| | 2022 | 2021 |
|----------------|--------------|--------------|
| | £'000 | £'000 |
| Trade payables | <u>17</u> | <u>10</u> |

10.3 Credit risk

Credit risk is the risk of financial loss to the LLP if a client or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the LLP's receivables from former clients.

Exposure is monitored on a routine basis. The LLP's exposure to that risk is influenced mainly by the individual characteristics of each former client.

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 LLP's cash and cash equivalents was BBB+.

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

10.4 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 LLP's income or the value of its holdings of financial instruments. At 31 October 2021 and 2022 the LLP's exposure to market risk was negligible.

10.5 Liquidity risk

Liquidity risk is the risk that the LLP 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 notes.

The LLP maintains a projected cash flow model to monitor its funding arrangements and appropriately manage operational cash flows. Profit distributions are only made to members when the LLP is reasonably assured that there are sufficient funds to meet future cash flow requirements.

11 Notes to the statement of cash flows

Proceeds on business disposals

| | 2022 | 2021 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Schedule of changes in net debt | | |
| Profit on business disposals | 97 | 1,122 |
| Deferred consideration received | 7,333 | 4,839 |
| Proceeds on business disposals | <u>7,430</u> | <u>5,961</u> |

| | At | Cash flow | At |
|--------------------------|-------------------|------------------|-------------------|
| | 1 November | | 31 October |
| | 2021 | | 2022 |
| | £'000 | £'000 | £'000 |
| Cash at bank and in hand | 6,204 | 799 | 7,003 |