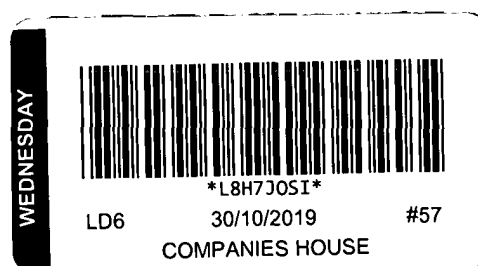


**Alvarez & Marsal Corporate Transformation Services LLP**  
**(formerly Alvarez & Marsal Corporate Performance Improvement LLP)**  
**Annual report**  
**For the year ended 31 December 2018**



# Alvarez & Marsal Corporate Transformation Services LLP

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# Alvarez & Marsal Corporate Transformation Services LLP

## LLP Information

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<b>Designated members</b>	Alvarez & Marsal CS (Europe) Holdings Limited Lawrence Hutter
<b>LLP number</b>	OC380168
<b>Registered office</b>	Tower Bridge House St. Katharine's Way London E1W 1DD
<b>Principal place of business</b>	Park House 16-18 Finsbury Circus London EC2M 7EB
<b>Statutory auditor</b>	Mazars LLP Tower Bridge House St. Katharine's Way London E1W 1DD

# **Alvarez & Marsal Corporate Transformation Services LLP**

## **Strategic report**

***For the year ended 31 December 2018***

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The strategic report provides a review of the business of the LLP during the financial period and describes the steps taken by the members to identify and manage the risks facing the partnership.

The report outlines the developments and performance of the LLP during the financial period, the position at the end of the period and significant events and other factors thereafter that could affect future performance.

### **Principal activity**

The principal activity of the LLP which has remained unchanged during the year under review is the provision of business consultancy services.

### **Review of the business and key performance indicators**

The LLP has continued to expand and enhance its client and contact portfolios and its reputation within the United Kingdom and European business consultancy markets. Turnover has risen compared with the previous year and profit before members' remuneration and profit shares amounted to €31,609,036 (2017: €14,548,614).

At 31 December 2018 net assets attributable to members amounted to €20,731,469 (2017: €1,338,845 whilst loans and other debts due to members within one year totalled €19,553,869 (2017: €1,548,448). To ensure that the LLP is able to meet its liabilities as they fall due group undertakings have indicated that they will continue to provide sufficient financial support as is necessary for the foreseeable future.

During the year, the procedures adopted by the members to assess the success of the business have included the regular monitoring of the following key performance indicators:

- cash balances and collections,
- overheads,
- head count and staff costs,
- pitches made and new business won.

The members are satisfied with the results for the year and intend to continue to pursue the LLP's activities and to further develop and exploit the growing reputation that the LLP enjoys in the market place.

### **Financial risk management**

The LLP's activities expose it to a variety of financial risks including foreign exchange risk, interest rate risk and credit risk. The LLP participates in policies developed and implemented for the group as a whole by the ultimate parent undertaking to monitor and control these risks.

Given the size of the LLP, the members have not delegated the responsibility of monitoring financial risk management to a sub-committee. The group's finance department implements the policies set by the members.

#### *Credit risk*

The group has implemented policies that frequently require customers to make retainer payments before new accounts are accepted.

The LLP does not use derivative financial instruments to manage credit risk and, as such, no hedge accounting is applied.

The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the members.

# Alvarez & Marsal Corporate Transformation Services LLP

## Strategic report - continued

*For the year ended 31 December 2018*

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### Financial risk management (continued)

#### *Foreign exchange risk*

The LLP operates in a number of currencies and is exposed to exchange rate fluctuations. This risk is assessed on an ongoing basis. The LLP does not use derivative financial instruments to manage currency exposure and, as such, no hedge accounting is applied.

#### *Interest rate cash flow risk*

The group has in place a risk management programme that seeks to limit adverse effects on financial performance by monitoring levels of debt finance and the related finance costs when applicable. The LLP does not use derivative financial instruments to manage interest rate cash flow risk and, as such, no hedge accounting is applied.

The group holds interest bearing assets including LLP bank balances that receive interest income at a variable rate. The risks arising from holding such assets are regularly reviewed by the members.

#### *Other financial risks*

In a referendum on 23 June 2016 the British public expressed a desire for the country to formally resign its membership of the European Union. Although the official departure date is imminent there is likely to be considerable uncertainty as to the detailed implications for many years to come and it continues to be impossible to assess the opportunities and threats that this resignation will present. The members continue to manage these risks by closely monitoring the position and are confident that, if necessary, the LLP will be able to amend and modify its procedures to remain fully compliant with any new rules and regulations and to maintain its standing and reputation in the marketplace locally and, where appropriate, throughout Europe and worldwide.

### Significant post balance sheet events

The members are not aware of any significant post balance sheet events that could affect the future performance of the partnership.

Approved by the members and signed on their behalf by:



Stephen R Gate

Director of designated member – Alvarez & Marsal CS (Europe) Holdings Limited

Date: 29 October 2019

# **Alvarez & Marsal Corporate Transformation Services LLP**

## **Members' report**

***For the year ended 31 December 2018***

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The members present their report and the audited financial statements for the year ended 31 December 2018.

### **Change of name**

On 12 December 2018 the LLP changed its name from Alvarez & Marsal Corporate Performance Improvement LLP to Alvarez & Marsal Corporate Transformation Services LLP.

### **Branches outside the United Kingdom**

The LLP does not operate any branches outside the United Kingdom.

### **Designated members**

The following designated members have held office since 1 January 2018:

Alvarez & Marsal CS (Europe) Holdings Limited  
Lawrence Hutter

### **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 Alvarez & Marsal CS (Europe) Holdings Limited.

Alvarez & Marsal CS (Europe) Holdings Limited has made a capital contribution to the LLP of €1,174,000. The capital contribution of all other members is €300 each. There is no interest on members' capital and current account balances.

No amounts have been transferred from members' capital to debts due to members during the year ended 31 December 2018.

### **Employee involvement**

The members recognise the importance of employee involvement established by good communications and working relationships. Employees are kept well informed about the progress and position of both the LLP and the group as a whole by regular departmental meetings and electronic briefings.

### **Employment policies**

It is LLP policy to afford equal opportunities to all employees and job applicants and all appointments and promotions are determined solely by merit.

It is also LLP policy to encourage and assist in the employment, training, re-training and career development of disabled persons where possible, having regard to their suitability for a particular vacancy and the nature of the LLP's activities. In the event that employees become disabled during employment, the LLP will, where possible, continue their employment and arrange appropriate training.

# Alvarez & Marsal Corporate Transformation Services LLP

## Members' report - continued

*For the year ended 31 December 2018*

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

Company law, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, requires the members to prepare financial statements for each financial period. Under those regulations the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 LLP and of the profit or loss of the LLP for that period.

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

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

Under company law as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 the members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with those regulations. The members have a general responsibility for safeguarding the assets of the LLP and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The responsibilities are exercised by the designated members on behalf of the members.

### Auditor

Mazars LLP have expressed their willingness to continue in office.

### Disclosure of information to auditor

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

Approved by the members and signed on their behalf by:



Stephen R Gate

Director of designated member – Alvarez & Marsal CS (Europe) Holdings Limited

Date: 29 October 2019

# **Alvarez & Marsal Corporate Transformation Services LLP**

## **Independent auditor's report**

***To the members of Alvarez & Marsal Corporate Transformation Services LLP  
(formerly Alvarez & Marsal Corporate Performance Improvement LLP)***

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### **Opinion**

We have audited the financial statements of Alvarez & Marsal Corporate Transformation Services LLP (the 'limited liability partnership') for the year ended 31 December 2018 which comprise the Statement of Total Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **The impact of uncertainties due to the United Kingdom exiting the European Union on our audit**

The members' view on the impact of Brexit is disclosed on page 3.

The terms on which the United Kingdom may withdraw from the European Union are not clear and it is therefore not currently possible to evaluate all the potential implications to the LLP's trade, customers, suppliers and the wider economy. We considered the impact of Brexit on the LLP as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the LLP's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible implications for the LLP and this is particularly the case in relation to Brexit.

### **Conclusions relating to going concern**

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

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



# **Alvarez & Marsal Corporate Transformation Services LLP**

## **Independent auditor's report**

***To the members of Alvarez & Marsal Corporate Transformation Services LLP  
(formerly Alvarez & Marsal Corporate Performance Improvement LLP)***

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### **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, except to the extent otherwise explicitly stated in our report, 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.

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

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

### **Responsibilities of members**

As explained more fully in the members' responsibilities statement set out on page 5, 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 limited liability partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the limited liability partnership or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

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

# Alvarez & Marsal Corporate Transformation Services LLP

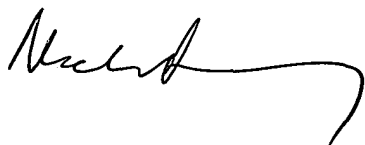
## Independent auditor's report

*To the members of Alvarez & Marsal Corporate Transformation Services LLP  
(formerly Alvarez & Marsal Corporate Performance Improvement LLP)*

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### Use of the audit report

This report is made solely to the limited liability partnership'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 limited liability partnership'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 limited liability partnership and the limited liability partnership's members as a body for our audit work, for this report, or for the opinions we have formed.



William Neale Bussey (Senior Statutory Auditor)

For and on behalf of Mazars LLP,  
Chartered Accountants and Statutory Auditor  
Tower Bridge House  
St. Katharine's Way  
London  
E1W 1DD

Date: 8 October 2019

# Alvarez & Marsal Corporate Transformation Services LLP

## Statement of total comprehensive income

*For the year ended 31 December 2018*

		2018		2017	
	Notes	€	€	€	€
<b>Turnover</b>	3	67,856,405		24,768,760	
<b>Administrative expenses</b>		(36,247,422)		(18,609,683)	
<b>Other operating income</b>					
Release of provision for irrecoverable amounts drawn by members		-	4,331,929		
Indebtedness waived by ultimate parent undertaking		-	4,057,608		
			-	8,389,537	
<b>Operating profit</b>	4	31,608,983		14,548,614	
Interest receivable and similar income	7	53		-	
Interest payable and similar charges	8	-		-	
<b>Profit on ordinary activities before taxation</b>		31,609,036		14,548,614	
Tax on profit on ordinary activities	9	-		-	
<b>Profit on ordinary activities before members' remuneration and profit shares</b>		31,609,036		14,548,614	
Members' remuneration charged as an expense	10	(30,223,033)		(10,216,685)	
<b>Profit on ordinary activities after members' remuneration charged as an expense</b>		1,386,003		4,331,929	
<b>Other comprehensive income</b>		-		-	
<b>Total comprehensive income for the financial year available for discretionary division among members</b>		1,386,003		4,331,929	

The statement of total comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes on pages 15 to 26 form an integral part of these financial statements

**Alvarez & Marsal Corporate Transformation Services LLP****Balance sheet***As at 31 December 2018*

		2018		2017	
	Notes	€	€	€	€
<b>Fixed assets</b>					
Tangible assets	11		10,355		25,056
<b>Current assets</b>					
Debtors	12	31,667,067		5,892,791	
Cash at bank and in hand		<u>1,121,348</u>		<u>190,592</u>	
		32,788,415		6,083,383	
<b>Creditors: amounts falling due within one year</b>	13	<u>(12,037,301)</u>		<u>(4,769,594)</u>	
<b>Net current assets</b>			<u>20,751,114</u>		<u>1,313,789</u>
<b>Total assets less current liabilities</b>			20,761,469		1,338,845
<b>Creditors: amounts falling due after more than one year</b>	14		<u>(30,000)</u>		-
<b>Net assets attributable to members</b>			<u>20,731,469</u>		<u>1,338,845</u>
<b>REPRESENTED BY:</b>					
<b>Loans and other debts due to members within one year</b>					
Members' capital classified as a liability			1,177,600		1,176,400
Other amounts			<u>19,553,869</u>		<u>1,548,448</u>
			20,731,469		2,724,848
<b>Members' other interests</b>					
Members' capital classified as equity			-		-
Other reserves classified as equity			-		<u>(1,386,003)</u>
			<u>20,731,469</u>		<u>1,338,845</u>
<b>TOTAL MEMBERS' INTERESTS</b>					
Amounts due from members			(2,400)		(1,200)
Loans and other debts due to members within one year			20,731,469		2,724,848
Members' other interests			-		<u>(1,386,003)</u>
<b>TOTAL MEMBERS' INTERESTS</b>	16		<u>20,729,069</u>		<u>1,337,645</u>

The financial statements were approved and authorised for issue by the Members of Alvarez & Marsal Corporate Transformation Services LLP and were signed on their behalf by:



Stephen R Gate

Director of designated member – Alvarez &amp; Marsal CS (Europe) Holdings Limited

Date: 29 October 2019

The notes on pages 15 to 26 form an integral part of these financial statements

## Alvarez & Marsal Corporate Transformation Services LLP

### Statements of changes in equity (continued) For the year ended 31 December 2018

	EQUITY			DEBT			Total members' interests
	Members' other interests			Loans and other debts due to members less any amounts due from members included in debtors			
	Members' capital (classified as equity)	Other reserves	Total	Members' capital (classified as debt)	Other amounts	Total	
	€	€	€	€	€	€	€
Total members interests at 1 January 2017	-	(5,717,932)	(5,717,932)	1,175,800	7,704	1,183,504	(4,534,428)
Capital contributions from members during the year ended 31 December 2017	-	-	-	1,200	(1,200)	-	-
Capital contributions refunded to leavers during the year ended 31 December 2017	-	-	-	(600)	-	(600)	(600)
Other advances from members during the year ended 31 December 2017	-	-	-	-	1,540,744	1,540,744	1,540,744
Members' remuneration charged as an expense during the year ended 31 December 2017	-	-	-	-	10,216,685	10,216,685	10,216,685
Drawings by members on account of an allocation of profits during the year ended 31 December 2017	-	-	-	-	(5,884,756)	(5,884,756)	(5,884,756)
Release of provision for irrecoverable amounts drawn during the year ended 31 December 2017	-	4,331,929	4,331,929	-	(4,331,929)	(4,331,929)	-
<b>Total members interests at 31 December 2017</b>	<b>-</b>	<b>(1,386,003)</b>	<b>(1,386,003)</b>	<b>1,176,400</b>	<b>1,547,248</b>	<b>2,723,648</b>	<b>1,337,645</b>

## Alvarez & Marsal Corporate Transformation Services LLP

### Statements of changes in equity (continued) For the year ended 31 December 2018

	EQUITY			DEBT			Total members' interests
	Members' other interests			Loans and other debts due to members less any amounts due from members included in debtors			
	Members' capital (classified as equity)	Other reserves	Total	Members' capital (classified as debt)	Other amounts	Total	
	€	€	€	€	€	€	€
Total members interests at 1 January 2018	-	(1,386,003)	(1,386,003)	1,176,400	1,547,248	2,723,648	1,337,645
Capital contributions from members during the year ended 31 December 2018	-	-	-	1,200	(1,200)	-	-
Capital contributions refunded to leavers during the year ended 31 December 2018	-	-	-	-	-	-	-
Other advances from / (to) members during the year ended 31 December 2018	-	-	-		(1,532,320)	(1,532,320)	(1,532,320)
Profit for the year ended 31 December 2018 available for division amongst the members	-	1,386,003	1,386,003	-	-	-	1,386,003
Members' remuneration charged as an expense during the year ended 31 December 2018	-	-	-	-	30,223,033	30,223,033	30,223,033
Drawings by members on account of an allocation of profits during the year ended 31 December 2018	-	-	-	-	(10,685,292)	(10,685,292)	(10,685,292)
Release of provision for irrecoverable amounts drawn during the year ended 31 December 2018	-	-	-	-	-	-	-
<b>Total members interests at 31 December 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,177,600</b>	<b>19,551,469</b>	<b>20,729,069</b>	<b>20,729,069</b>

# Alvarez & Marsal Corporate Transformation Services LLP

## Cash flow statement

*For the year ended 31 December 2018*

	Notes	2018 €	€	2017 €	€
Net cash flows from operating activities	1	2,463,023		(1,574,376)	
<b>Cash flows from investing activities</b>					
Purchase of tangible fixed assets		-	(20,817)		
Proceeds from sale of tangible fixed assets		-	-		
Interest received		53	-		
Interest paid		-	-		
Net cash inflow / (outflow) from investing activities			53		(20,817)
<b>Cash flows from financing activities</b>					
<b>Transactions with members</b>					
Contributions by members		-	600		
Repayment of members' contributions		-	-		
Advances (to) / from members		(1,532,320)	1,539,544		
		(1,532,320)	1,540,144		
Other cash flows from financing activities		-	-		
Net cash flow from financing activities		(1,532,320)		1,540,144	
<b>Net increase / (decrease) in cash and cash equivalents</b>		930,756		(55,049)	
Cash and cash equivalents at 1 January 2018		190,592		245,641	
Cash and cash equivalents at 31 December 2018		1,121,348		190,592	
<i>Cash and cash equivalents comprise:</i>					
Cash at bank and in hand at 31 December 2018		1,121,348		190,592	
Cash equivalents		-		-	
Cash and cash equivalents at 31 December 2018		1,121,348		190,592	

# Alvarez & Marsal Corporate Transformation Services LLP

## Notes to the cash flow statement

*For the year ended 31 December 2018*

1	Reconciliation of operating profit to net cash generated / (absorbed) by operating activities	2018	2017
		€	€
	Operating profit	31,608,983	14,548,614
	(Release of provision) for irrecoverable amounts drawn by members	-	(4,331,929)
	Indebtedness waived by ultimate parent undertaking	-	(4,057,608)
	Tax paid	-	-
	Depreciation of tangible fixed assets	14,701	9,839
	Profit on sale of tangible fixed assets	-	-
	Operating cash flow before movement in working capital and transactions with members	31,623,684	6,168,916
	(Increase) in debtors	(25,773,077)	(750,153)
	Increase / (decrease) in creditors	7,297,708	(1,108,383)
	Net cash generated by operations before transactions with members	13,148,315	4,310,380
	Drawings by members on account of an allocation of profits for the year	(10,685,292)	(5,884,756)
	<b>Net cash generated / (absorbed) by operations</b>	<b>2,463,023</b>	<b>(1,574,376)</b>

## 2 Major non-cash transactions

During the year ended 31 December 2018, the ultimate parent company waived amounts owing by the LLP totalling €nil (2017: €4,057,608). There were no other material non-cash transactions during the year.



# Alvarez & Marsal Corporate Transformation Services LLP

## Notes to the financial statements

*For the year ended 31 December 2018*

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### General information

Alvarez & Marsal Corporate Transformation Services LLP is a limited liability partnership registered in the United Kingdom under the Limited Liability Partnerships Act 2000. The nature of the LLP's operations and its principal activities are set out in the strategic report on pages 2 and 3 and in the members' report on pages 4 and 5. The addresses of the principal place of business and the LLP's registered office are set out on page 1.

### 1 Accounting Policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the financial year and the preceding financial period.

#### 1.1 Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102) issued by the Financial Reporting Council and with the revised Statement of Recommended Accounting Practice, "Accounting by Limited Liability Partnerships", published on 26 January 2017 by the Consultative Committee of Accountancy Bodies.

The functional currency of the LLP is considered to be the Euro because this is the currency of the primary economic environment in which the business operates. Foreign currencies are included in accordance with the policies set out below.

#### 1.2 Going concern

The LLP's business activities, together with factors likely to affect its future development, performance and position are set out in the strategic report on pages 2 and 3.

The LLP has operated profitably during the year under review, but to ensure that it is able to meet its liabilities as they fall due, group undertakings have indicated that they will continue to provide sufficient financial support as is necessary for the foreseeable future. The members are therefore of the view that it is appropriate to prepare financial statements on a going concern basis.

#### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows: -

Leasehold land and buildings	over the shorter of the lease term or 5 years
Plant and machinery	over 3 years
Fixtures, fittings and equipment	over 3 years

Residual value represents the amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

# Alvarez & Marsal Corporate Transformation Services LLP

## Notes to the financial statements (continued)

*For the year ended 31 December 2018*

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### **1 Accounting Policies (continued)**

#### **1.4 Financial instruments**

The LLP applies the recognition and measurement provisions of Sections 11 and 12 of FRS102. Financial assets and liabilities are recognised when the LLP becomes a party to the contractual provisions of the instrument.

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

##### *Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Non-current debt instruments are subsequently measured at amortised cost using the effective interest method. Debt instruments that are classified as payable or receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Financial assets are derecognised when and only when the contractual rights to the cash flows from the financial asset expire or are settled, the LLP transfers substantially all of the risks and rewards of ownership of the financial asset to another party, or the LLP, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

##### *Investments*

Investments held as fixed assets are shown at cost less provision for impairment.

##### *Equity instruments*

Equity instruments issued by the LLP are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

#### **1.5 Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the profit and loss account.

##### *Non-financial assets*

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable amount does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

# **Alvarez & Marsal Corporate Transformation Services LLP**

## **Notes to the financial statements (continued)**

***For the year ended 31 December 2018***

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### **1 Accounting Policies (continued)**

#### **1.5 Impairment of assets (continued)**

##### *Financial assets*

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable amount does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

#### **1.6 Turnover and revenue recognition**

Turnover is stated net of VAT and trade discounts. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date, turnover represents the value of the service provided to date based on a proportion of the total contract value. Where payments are received from clients in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

#### **1.7 Members' remuneration**

Profits of the LLP for all accounting periods are automatically allocated between members in accordance with the provisions of the LLP Agreement. As required by the revised Statement of Recommended Practice, "Accounting by Limited Liability Partnerships", published in January 2017, the allocation of the LLP's profits is recognised on the face of the statement of total comprehensive income as "members' remuneration charged as an expense".

Losses of the LLP for all accounting periods are automatically allocated between members in accordance with the provisions of the LLP Agreement and are classified as members' equity interests on the face of the balance sheet and in the statements of changes in equity. Losses classified as members' equity interests are not legally recoverable from members under the terms of the LLP Agreement, but are released and offset against future profits as they are allocated to those specific members.

Profits allocated to members in excess of amounts drawn are carried forward in the balance sheet as liabilities owed to members. Amounts drawn by members in excess of allocated profits are carried forward in the balance sheet as amounts due from members. A provision is made against members' balances which are not legally recoverable in accordance with the LLP Agreement.

# Alvarez & Marsal Corporate Transformation Services LLP

## Notes to the financial statements (continued)

*For the year ended 31 December 2018*

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### 1 Accounting Policies (continued)

#### 1.8 Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to enter into an operating lease are recognised on a straight line basis over the lease term.

#### 1.9 Taxation

The taxable profits of Alvarez & Marsal Corporate Transformation Services 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.

Foreign taxes, including overseas withholding taxes deducted by clients on settlement of the LLP's fees, are recognised as a tax charge in the statement of total comprehensive income to the extent that they cannot be recovered from the appropriate authorities.

#### 1.10 Pensions

Members of the LLP are required to make their own provisions for pensions from their profit shares.

The LLP contributes to defined contribution pension policies held individually by employees. Contributions to employees' policies are charged to the profit and loss account as and when they fall due.

#### 1.11 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Euro at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into Euro at the rate of exchange ruling at the date of the transaction.

Exchange gains and losses are recognised in the statement of total comprehensive income.

The principal exchange rates used at the balance sheet date were €1 = £0.9016 (2017: €1 = £0.8885) and €1 = US\$1.1438 (2017: €1 = US\$1.1998).

### 2 Critical accounting judgements and key sources of estimation uncertainty

In the application of its accounting policies, the LLP is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

During the year ended 31 December 2018, the critical judgements made by the LLP in applying its accounting policies and the key areas of estimation uncertainty have related to revenue recognition and the impairment of financial assets.

# Alvarez & Marsal Corporate Transformation Services LLP

## Notes to the financial statements (continued)

*For the year ended 31 December 2018*

### 2 Critical accounting judgements and key sources of estimation uncertainty (continued)

The value of certain of the LLP's contracts for the ongoing supply of services can be dependent upon the amount of costs incurred in performing these services and, in order to apply the LLP's policy for the recognition of revenue from such contracts that are partially complete at the balance sheet date, the members must assess both the proportion of the contract that has been completed and the total contract value that this represents. If there is no reliable alternative evidence, it is estimated that the revenue to be recognised in the financial statements from such contracts amounts to 70% of the total costs that had been incurred at the balance sheet date in performing the services.

Unless there is reliable evidence to the contrary, full provision is made for any amounts owing by trade debtors that have been outstanding for a period in excess of twelve months from the due settlement dates. In applying this judgement, the impairment loss provision recognized in the LLP's financial statements for the year ended 31 December 2018 amounted to €nil (2017: €nil).

### 3 Turnover

The total turnover of the LLP for the period has been derived from its principal activities and relates to the provision of services undertaken wholly in Europe. Other operating income and revenue earned by the LLP during the year ended 31 December 2018 has been categorized as follows:

	2018	2017
	€	€
<b>Amounts categorized as other operating income:</b>		
Release of provision for irrecoverable amounts drawn by members	-	4,331,929
Indebtedness waived by the ultimate parent undertaking	-	4,057,608
<b>Amounts categorised as interest receivable</b>	<b>53</b>	<b>-</b>

The members consider the LLP's activities to represent a single class of business.

### 4 Operating profit

	2018	2017
	€	€
Operating profit is stated after charging / (crediting):		
Auditor's remuneration – audit	16,422	15,265
Auditor's remuneration – company secretarial services	888	1,656
Auditor's remuneration – payroll processing services	808	2,404
(Release of provision) for irrecoverable amounts due from members	-	(4,331,929)
Indebtedness waived by ultimate parent undertaking	-	(4,057,608)
(Release of provision) / provision for bad and doubtful debts	-	-
(Gain) on foreign exchange transactions	(198,817)	(2,413)
Operating lease rentals – land and buildings	169,983	146,137
Operating lease rentals – other	46,059	44,177
Depreciation of tangible fixed assets	14,701	9,839

# Alvarez & Marsal Corporate Transformation Services LLP

## Notes to the financial statements (continued)

*For the year ended 31 December 2018*

### 4 Operating profit (continued)

Operating lease rentals – land and buildings are the LLP's share of the rental costs of jointly occupied premises leased by a fellow subsidiary of Alvarez & Marsal Holdings LLC (see Note 18).

The LLP's share of the total future minimum lease payments under these contracts at 31 December 2018 was:

	2018	2017
	€	€
Amounts due within one year	36,289	153,342
Amounts due within two and five years	-	38,133
Amounts due after more than five years	-	-
Total minimum future lease payments	<u>36,289</u>	<u>191,475</u>

The LLP's share of the total future minimum lease payments for other assets held under other operating lease contracts at 31 December 2018 was:

	2018	2017
	€	€
Amounts due within one year	39,609	33,785
Amounts due within two and five years	32,050	30,989
Amounts due after more than five years	-	-
Total minimum future lease payments	<u>71,659</u>	<u>64,774</u>

### 5 Information in relation to members

	2018	2017
	No.	No.
The average number of members during the period was:	11	10
	€	€

The amount of profit attributable to the member with the largest entitlement was:

20,923,743	4,331,930
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Members are required to make their own provisions for pensions from their profit shares.

### 6 Staff costs

	2018	2017
	€	€
Wages and salaries	14,716,104	10,321,084
Social security costs	1,669,806	1,253,921
Pension and health insurance costs	<u>299,046</u>	<u>231,347</u>
	<u>16,684,956</u>	<u>11,806,352</u>

The average number of employees during the year was:

	No.	No.
Professional services and support staff	49	39

# Alvarez & Marsal Corporate Transformation Services LLP

## Notes to the financial statements (continued)

*For the year ended 31 December 2018*

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### 7 Interest receivable and similar income

	2018	2017
	€	€
Bank deposit interest	53	-

### 8 Interest payable and similar charges

	2018	2017
	€	€
Interest on overdue taxation	-	-

### 9 Tax on profit on ordinary activities

The taxable profits of Alvarez & Marsal Corporate Transformation Services LLP are assessed on the members. The LLP is not therefore liable to UK tax on trading profits or investment income.

Foreign taxes, including overseas withholding taxes deducted by clients on settlement of the LLP's fees are recognised as a tax charge in the statement of total comprehensive income to the extent that they cannot be recovered from the appropriate authorities.

### 10 Members remuneration charged as an expense

Profits of the LLP for all accounting periods are automatically allocated between members in accordance with the provisions of the LLP Agreement. As required by the revised Statement of Recommended Practice, "Accounting by Limited Liability Partnerships", published in January 2017, the allocation of the LLP's profits is recognised on the face of the statement of total comprehensive income as "members' remuneration charged as an expense".

# Alvarez & Marsal Corporate Transformation Services LLP

## Notes to the financial statements (continued)

For the year ended 31 December 2018

### 11 Tangible fixed assets

	<i>Leasehold land and buildings</i>	<i>Plant and machinery</i>	<i>Fixtures, fittings and equipment</i>	<i>Total</i>
	€	€	€	€
<i>Cost</i>				
At 1 January 2018	18,645	18,097	22,543	59,285
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 December 2018	<u>18,645</u>	<u>18,097</u>	<u>22,543</u>	<u>59,285</u>
<i>Depreciation</i>				
At 1 January 2018	5,524	17,647	11,058	34,229
Charge for the year	9,580	450	4,671	14,701
In respect of disposals	-	-	-	-
At 31 December 2018	<u>15,104</u>	<u>18,097</u>	<u>15,729</u>	<u>48,930</u>
<i>Net book value</i>				
At 31 December 2018	<u>3,541</u>	<u>-</u>	<u>6,814</u>	<u>10,355</u>
At 31 December 2017	<u>13,121</u>	<u>450</u>	<u>11,485</u>	<u>25,056</u>

### 12 Debtors

	2018	2017
	€	€
Trade debtors	2,179,657	2,006,937
Amounts recoverable on contracts	11,950,674	2,464,290
Amounts due from members	2,400	1,200
Amounts due from group undertakings	17,302,968	1,070,073
Other debtors	124,749	235,272
Prepayments and accrued income	106,619	115,019
	<u>31,667,067</u>	<u>5,892,791</u>



# Alvarez & Marsal Corporate Transformation Services LLP

## Notes to the financial statements (continued)

*For the year ended 31 December 2018*

### 13 Creditors: amounts falling due within one year

	2018	2017
	€	€
Trade creditors	-	-
Amounts owed to group undertakings	6,092,265	4,129,575
Other tax and social security	2,792,910	73,404
Other creditors	600	36,076
Accruals and deferred income	3,151,526	530,539
	<u>12,037,301</u>	<u>4,769,594</u>

### 14 Creditors: amounts falling due after more than one year

	2018	2017
	€	€
Accruals and deferred income	30,000	-

### 15 Financial instruments

The carrying values of the LLP's financial assets and liabilities are summarised by category below:

	2018	2017
	€	€
<b>Financial assets</b>		
<i>Measured at undiscounted amount receivable</i>		
Trade and other debtors	14,361,699	4,821,518
Amounts due from related undertakings	17,305,368	1,071,273
Cash at bank and in hand	1,121,348	190,592
	<u>32,788,415</u>	<u>6,083,383</u>
<b>Financial liabilities</b>		
<i>Measured at undiscounted amount payable</i>		
Trade and other creditors	5,975,036	640,019
Amounts owed to related undertakings	25,646,134	5,678,023
	<u>31,621,170</u>	<u>6,318,042</u>

# Alvarez & Marsal Corporate Transformation Services LLP

## Notes to the financial statements (continued)

*For the year ended 31 December 2018*

### 15 Financial instruments (continued)

The LLP's income, expense, gains and losses in respect of financial instruments are summarised below:

	2018	2017
	€	€
<b>Interest income / (expenses)</b>		
Total interest income for financial assets measured at undiscounted amount receivable	53	-
Total interest expense for financial liabilities measured at undiscounted amount payable	-	-
<b>Impairment gains / (losses)</b>		
On financial assets measured at undiscounted amount receivable		
Release of provision / (provision) for bad and doubtful debts	-	-
Release of provision for irrecoverable amounts drawn by members on account of an allocation of a share of profits	-	4,331,929
Indebtedness waived by ultimate parent undertaking		4,057,608
Net foreign exchange gains on the revaluation of financial assets and liabilities	198,817	2,413

### 16 Members' interests

A detailed analysis of the movements in members' interests is set out in the statement of changes in equity on pages 11 and 12.

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 the LLP Board and, under the LLP's Members' Agreement, a member can only withdraw capital when he or she ceases to be a member.

### 17 Financial commitments

As at 31 December 2018 and 2017 the LLP had no capital commitments and no commitments under finance lease contracts.

Commitments under operating leases are set out in note 4.

# Alvarez & Marsal Corporate Transformation Services LLP

## Notes to the financial statements (continued)

*For the year ended 31 December 2018*

### 18 Related party transactions

During the year ended 31 December 2018, the LLP entered into the following transactions with related parties:

	2018	2017
	€	€
<b>Transactions with the ultimate parent company, Alvarez &amp; Marsal Holdings LLC</b>		
Fees (payable) for the provision of administrative support services	(2,622,044)	(486,835)
Fees receivable for business referrals and the provision of expertise and staffing support	-	-
Fees (payable) for business referrals and the provision of expertise and staffing support	(122,739)	-
Waiver of indebtedness	-	4,057,608
<b>Transactions with the immediate parent company, Alvarez &amp; Marsal CS (Europe) Holdings Limited</b>		
Allocation of profits for the year	20,923,743	4,331,929
<b>Transactions with fellow subsidiary undertakings of Alvarez &amp; Marsal Holdings LLC</b>		
Fees (payable) for the provision of administrative support services	(308,543)	(113,254)
Fees (payable) for business referrals and the provision of expertise and staffing support	(12,549,498)	(2,339,198)
Fees receivable for business referrals and the provision of expertise and staffing support	8,315,420	7,154,582
Share of rental costs for jointly occupied leasehold premises	(249,526)	(252,198)
Operating lease costs (payable) in respect of the hire of plant and machinery	(567)	(3,652)
Share of rental costs for other leased assets	(37,761)	(40,524)
Fees (payable) for taxation compliance and consultancy services	(11,463)	(42,900)
Fees (payable) for executive and staff recruitment services	(109,032)	(74,180)

The key management personnel of the LLP during the year ended 31 December 2018 were its members.

The total remuneration for key management personnel for the year ended 31 December 2018 was as follows:

	2018	2017
	€	€
Drawings by the members on account of an allocation of the profit for the period	10,685,292	5,884,756
Provision for irrecoverable amounts drawn by members at 31 December 2017	-	4,331,929
Provision for irrecoverable amounts drawn by members at 31 December 2018	-	-
<b>Total remuneration for key management personnel</b>	<b>10,685,292</b>	<b>10,216,865</b>

The LLP has also received and provided financing, when appropriate, to and from the ultimate parent company, fellow subsidiary undertakings and other related parties.

# Alvarez & Marsal Corporate Transformation Services LLP

## Notes to the financial statements (continued)

*For the year ended 31 December 2018*

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### 18 Related party transactions (continued)

At 31 December 2018 the following net amounts were owed by / (to) related parties:

	2018	2017
	€	€
<b>Amounts due from / (to) the ultimate parent company, Alvarez &amp; Marsal Holdings LLC</b>	<b>16,232,895</b>	<b>(3,697,027)</b>
<b>Amounts due (to) / from the immediate parent company, Alvarez &amp; Marsal CS (Europe) Holdings Limited</b>	<b>(19,553,869)</b>	<b>(13,127)</b>
<b>Amounts due (to) / from key management personnel</b>		
Drawings on account of allocation of profits	-	-
Provisions for irrecoverable amounts	-	-
Unpaid members capital contributions	2,400	1,200
Members' tax reserves	-	(1,535,321)
<b>Other related parties</b>		
Fellow subsidiary undertakings of Alvarez & Marsal Holdings LLC	(5,022,192)	637,525

These balances are unsecured, interest free and repayable on demand.

At 31 December 2018, the equity of the LLP included losses allocated to its designated corporate member, Alvarez & Marsal CS (Europe) Holdings Limited amounting to €nil (2017: €1,386,003). These losses are not legally recoverable under the terms of the LLP Agreement, but are released and offset against future profits as they are allocated to members.

### 19 Controlling parties

The LLP's parent undertaking and immediate controlling party at the balance sheet date is its designated corporate member, Alvarez & Marsal CS (Europe) Holdings Limited, which is the smallest and only group to consolidate these financial statements.

The ultimate parent company is Alvarez & Marsal Holdings LLC, a company formed in the United States of America.

The ultimate controlling parties are Antonio C Alvarez II and Bryan P Marsal.