

Registered No: OC397453

ALIXPARTNERS SERVICES UK LLP
MEMBERS' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016



ALIXPARTNERS SERVICES UK LLP

CONTENTS

	Page
LLP Information	3
Strategic Report	4-6
Members' Report	7-8
Auditor's Report	9-10
Statement of Comprehensive Income	11
Statement of Financial Position	12
Statement of Changes in Members' Interests	13
Notes to the Financial Statements	14-29

ALIXPARTNERS SERVICES UK LLP

LLP INFORMATION

DESIGNATED MEMBERS

AlixPartners Limited
Simon Freakley
Paul Thompson

REGISTERED NUMBER

OC397453

REGISTERED OFFICE

6 New Street Square
London
EC4A 3BF

AUDITOR

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

ALIXPARTNERS SERVICES UK LLP

STRATEGIC REPORT

The members present their Strategic Report for AlixPartners Services UK LLP (the "LLP") for the year ended 31 December 2016. The LLP was incorporated on 12 January 2015 and began trading on 1 February 2015. The financial statements for the prior financial period are for the period 12 January 2015 to 31 December 2015.

PRINCIPAL ACTIVITY

The principal activity of the LLP is the provision of insolvency and corporate advisory services. The Company is a wholly owned subsidiary of AlixPartners Limited.

REVIEW AND ANALYSIS OF THE BUSINESS DURING THE CURRENT YEAR

The principal activity of the LLP is the provision of insolvency and corporate advisory services. The Company is a wholly owned subsidiary of AlixPartners Limited.

Key performance indicators

The key factor for the future performance is the quality of the staff, the relevance of their experience and their relationships with third parties to develop new opportunities and increase the profile of the LLP. The other key financial performance indicators of the LLP are well known and monitored by Management monthly, they include: revenue growth, both in total value and by consultant, cash collections, days of sales outstanding, staff utilisation, and EBITDA.

Development and financial performance during the year

The LLP generated revenue, as shown in the Statement of Comprehensive Income, of £31.8m for the year, compared to £37.4m for the prior period. The operating loss in the year was £11.1m compared to a profit of £3.9m in 2015. Results were impacted by significant movements in the foreign exchange position, of which the majority is unrealised, and certain accounting transactions related to the 2015 acquisition. Underlying trade in the year resulted in an adjusted operating profit of £4.6m compared to £13.4m in 2015. Management feel it was a challenging year in the market and internal reorganisations were undertaken to position the LLP for the future.

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

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

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

Financial position at the reporting date

The Statement of Financial Position shows the LLP's net asset position £5.0m (2015: £35.1m) comprising predominately of goodwill £38.8m (2015: £38.8m) and trade and other receivables £40.4m (2015: £21.4m), offset by trade and other payables. The refinancing of the loan note in 2016 increased long term liabilities to £60.8m (2015: £17.0m).

ALIXPARTNERS SERVICES UK LLP

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE BUSINESS

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

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

- Competitor pressure – the market in which the LLP operates is considered to be relatively competitive, and therefore competitor pressure could result in losing sales to key competitors. Mainstream consulting groups are creating some specific offerings to try and compete in the niche area of the market.
- Market consolidation – the market has experienced some consolidation recently with the purchase of mid-tier firms by larger practices. Some of the “Big 4” are also seeking to consolidate their offerings and teams.
- Loss of key personnel – this would present significant difficulties for the LLP. Management seeks to ensure that key personnel are appropriately remunerated to ensure that good performance is recognised and key staff retained.
- Reliance of key accounts – exposure to over reliance of a few large accounts to maintain the LLP KPIs and revenue growth. The LLP manages this risk by ensuring there is enough breadth in its client base and maintaining a pipeline of potential and new clients.
- Liquidity and cash flow risk – the LLP produces cash flow forecasts covering a twelve month period to manage its liquidity requirements. The LLP’s Management and board review these forecasts regularly.
- Interest rate risk – the LLP has interest bearing assets and liabilities. Interest bearing assets includes cash balances that earn interest at a floating rate. Interest bearing liabilities are at a fixed rate and there is limited interest rate risk faced by the LLP.
- Currency risk – an increasing value of income and expenses is denominated in foreign currencies. The LLP does not have a strategy to manage transactional currency exposure on an active basis as the Members believe the risks associated with currency exposure to be no greater than the risks associated with entering into hedging arrangements. Some of the LLP’s assets and liabilities are denominated in foreign currency.
- Credit risk – The LLP’s primary exposure to credit risk relates to the financial assets of the LLP including cash and deposits that are placed with financial institutions which are regulated. At the Statement of Financial Position date, the credit risk was concentrated with one financial institution but the risk of default is considered minimal as the institution is rated BBB+ by Standard & Poor’s.

ALIXPARTNERS SERVICES UK LLP

STRATEGIC REPORT (continued)

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

APPROVAL

This report was approved on 25 September 2017 on behalf of the members by:

A handwritten signature in black ink, appearing to be 'Paul Thompson', with a long horizontal line extending to the right.

Paul Thompson
Designated Member
6 New Street Square
London
EC4A 3BF

ALIXPARTNERS SERVICES UK LLP

MEMBERS' REPORT

The members present their report and financial statements for AlixPartners Services UK LLP (the "LLP") for the year ended 31 December 2016.

MATTERS COVERED IN THE STRATEGIC REPORT

As permitted by paragraph 1A of Schedule 7 to the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulation 2008 certain matters which are required to be disclosed in the Members' Report have been omitted as they are included in the Strategic Report on pages 4 to 6. These matters relate to the review and analysis of the business, development and financial performance, future prospects and the principal risks and uncertainties.

MANAGEMENT

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

DESIGNATED MEMBERS

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

AlixPartners Limited
Simon Freakley
Paul Thompson

MEMBERS' INTERESTS AND POLICY ON MEMBERS' DRAWINGS

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

All Members are required to subscribe to a fixed capital requirement on appointment. There is no interest on members' capital and current account balances. On departure, a Member will be entitled to a return of capital and outstanding balances on the current account. If departure is prior to 24 February 2017 repayment shall be deferred and paid on this date.

Individual members' entitlements under the Members' Drawings Plan are subject to annual review and agreement with the designated members.

BRANCHES

The LLP operates no branches.

POLITICAL DONATIONS

The LLP made no donations for political purposes (Period ended 31 December 2015: £nil).

POST BALANCE SHEET EVENTS

Other than the item disclosed in note 23, there have been no other significant events between the year end and the date of approval of these accounts which would require a change to or disclosure in the accounts.

ALIXPARTNERS SERVICES UK LLP

MEMBERS' REPORT (continued)

STATEMENT OF MEMBERS' RESPONSIBILITIES

The Companies Act 2006, as applied to Limited Liability Partnerships, require the members to prepare the Strategic Report, Members' Report and financial statements for each financial year that give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period. Under that law the Members have elected to prepare financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 "Reduced Disclosure Framework (FRS 101)".

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

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

The members are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the Companies Act 2006, as applied to Limited Liability Partnerships. They are also responsible for safeguarding the assets of the LLP and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

These responsibilities are fulfilled by the Executive Committee on behalf of the members. The Executive Committee confirms that it has complied with the above requirements in preparing the financial statements.

AUDITOR

Mazars LLP was appointed auditor to the LLP for the period ended 31 December 2016 and will be re-appointed for the year ending 31 December 2017.

STATEMENT OF DISCLOSURE TO AUDITOR

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

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

On behalf of the members



Paul Thompson
Designated Member
25 September 2017

ALIXPARTNERS SERVICES UK LLP

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

We have audited the financial statements of AlixPartners Services UK LLP for the year ended 31 December 2016 which comprise of the Statement of Comprehensive Income, Statement of Financial Position, the Statement of Changes in Members' Interests and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

Respective responsibilities of directors and auditor

As explained more fully in the Members' Responsibilities Statement set out on page 8, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. 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 as applied to limited liability partnerships by the Limited Liability Partnership (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

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 2016 and of its loss for the period then ended; ,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

ALIXPARTNERS SERVICES UK LLP

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

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

Elisabeth Maxwell

Elisabeth Maxwell (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:

27th September 2017

ALIXPARTNERS SERVICES UK LLP

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2016

		2016 £'000	12 January – 31 December 2015 £'000
Continuing activities	Note		
REVENUE	3	31,805	37,393
Operating costs		(42,903)	(33,487)
Operating (loss)/profit	4	(11,098)	3,906
Finance revenue	5	1	-
Finance costs	6	(3,108)	(1,490)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(14,205)	2,416
Taxation on (loss)/profit on ordinary activities	7	-	-
(LOSS)/PROFIT FOR THE YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARE		(14,205)	2,416
Members' remuneration charged as an expense	19	(6,578)	(8,736)
LOSS FOR THE YEAR AVAILABLE FOR DIVISION AMONG MEMBERS		(20,783)	(6,320)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR AVAILABLE FOR DIVISION AMONG MEMBERS		(20,783)	(6,320)

The notes on page 14 to 29 form part of these financial statements.

ALIXPARTNERS SERVICES UK LLP
STATEMENT OF FINANCIAL POSITION
As at 31 December 2016
Company number: OC397453

ASSETS	Note	2016 £'000	2015 £'000
Non-current assets			
Trade and other receivables	12	156	152
Property, plant and equipment	10	96	164
Intangible assets	9	1,722	4,372
Goodwill	8	38,786	38,848
		<u>40,760</u>	<u>43,536</u>
Current assets			
Trade and other receivables	11	40,212	21,383
Cash and cash equivalents	13	5,053	5,723
		<u>45,265</u>	<u>27,106</u>
Total assets		<u>86,025</u>	<u>70,642</u>
Current liabilities			
Trade and other payables	14	19,684	18,214
		<u>19,684</u>	<u>18,214</u>
EQUITY AND LIABILITIES			
Non-current liabilities			
Trade and other payables	15	60,798	16,954
Provisions for other liabilities and charges	16	579	383
		<u>61,377</u>	<u>17,337</u>
Net Assets attributable to members		<u>4,964</u>	<u>35,091</u>
Represented by:			
Loans and other debt due to members			
Members' capital classified as a liability		4,964	15,832
Other amounts		-	(238)
		<u>-</u>	<u>15,594</u>
Equity			
Other reserves		-	19,497
		<u>4,964</u>	<u>35,091</u>
Total members' interests			
Members capital		4,964	15,832
Amounts due from members (included in trade and other receivables)		(32,590)	(6,472)
Amounts due to members (included in trade and other payables)		63,759	22,470
Other reserves		-	19,259
Total members' interests		<u>36,133</u>	<u>51,089</u>

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



Paul Thompson
Designated Member
25 September 2017

The notes on page 14 to 29 form part of these financial statements.

ALIXPARTNERS SERVICES UK LLP

STATEMENT OF CHANGES IN MEMBERS' INTERESTS
For the Period 31 December 2016

	EQUITY			DEBT		Total
	Members' other interests			Loans and other amounts due to members less any amounts due from members included in debtors		members' interests
	Members' capital (classified as equity) £'000	Reserves £'000	Total £'000	Members' capital (classified as debt) £'000	Other amounts £'000	Total £'000
Total members interests at 12 January 2015	-	-	-	-	-	-
Profit for the financial year available for division among members	-	-	-	-	2,416	2,416
Capital introduced by members during the year	-	-	-	15,832	-	15,832
Capital withdrawn by members during the year	-	-	-	-	-	-
Other advances (to)/from members during the year	-	-	-	-	22,318	22,318
Members' remuneration charges as an expense during the year	-	-	-	-	(8,736)	(8,736)
Drawings during the year	-	-	-	-	(238)	(238)
Capital contribution	-	19,497	19,497	-	-	19,497
Total members interests at 31 December 2015	-	19,497	19,497	15,832	15,760	31,592
Total members interests at 1 January 2016	-	19,497	19,497	15,832	15,760	31,592
Loss for the financial year available for division among members	-	-	-	-	(14,205)	(14,205)
Capital introduced by members during the year	-	-	-	-	-	-
Capital withdrawn by members during the year	-	-	-	(10,868)	-	(10,868)
Other advances (to)/from members during the year	-	-	-	-	41,302	41,302
Members' remuneration charges as an expense during the year	-	-	-	-	(6,578)	(6,578)
Drawings during the year	-	-	-	-	(5,110)	(5,110)
Capital contribution	-	(19,497)	(19,497)	-	-	(19,497)
Total members interests at 31 December 2016	-	-	-	4,964	31,169	36,133

The notes on page 14 to 29 form part of these financial statements.

NOTES TO THE ACCOUNTS FOR THE PERIOD 31 DECEMBER 2016

1 CORPORATE INFORMATION

AlixPartners Services UK LLP is a limited liability partnership incorporated and domiciled in England and Wales.

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

2 ACCOUNTING POLICIES

Basis of preparation

Statement of compliance

The financial statements of AlixPartners Services UK LLP have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and those parts of the Companies Act 2006 applicable to Limited Liability Partnerships (LLPs). The recognition, measurement and disclosure requirements (except for certain disclosure exemptions detailed below) of International Financial Reporting Standards as adopted by the EU (EU-adopted IFRSs) have been applied to these financial statements and, where necessary, amendments have been made in order to comply with Companies Act 2006 and The Large and Medium-sized Companies and Groups Regulations 2008/410 ('Regulations').

Basis of measurement

The financial statements have been prepared under the historical cost convention, except that the following assets and liabilities are stated at their fair value: financial instruments classified as fair value through profit and loss.

NOTES TO THE ACCOUNTS FOR THE PERIOD 31 DECEMBER 2016
(continued)

2 ACCOUNTING POLICIES (continued)

Disclosure exemptions applied

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

- (i) The requirement of IFRS 7 'Financial Instruments: Disclosures' relating to the disclosure of financial instruments and the nature and extent of risks arising from such instruments;
- (ii) The requirement of IFRS 13 'Fair Value Measurement' paragraphs 91 to 99 relating to the fair value measurement disclosures of financial assets and financial liabilities that are measured at fair value, such as the available for sale investments and derivative financial instruments;
- (iii) The applicable requirements of IAS 1 'Presentation of Financial Statements' relating to the disclosure of comparative information in respect of the number of shares outstanding at the beginning and end of the year (IAS 1.79(a)(iv)), the reconciliation of the carrying amount of property, plant and equipment (IAS 16.73(e)) and the reconciliation of the carrying amount of intangible assets (IAS 18(118)(e));
- (iv) The applicable requirements of IAS 36 'Impairment of Assets' relating to the disclosures of estimates used to measure recoverable amounts;
- (v) The requirement of IAS 1 'Presentation of Financial Statements' paragraphs 134 to 136 relating to the disclosure of capital management policies and objectives;
- (vi) The requirements of IAS 7 'Statement of Cash Flows' and IAS 1 'Presentation of Financial Statements' paragraph 10(d), 111 relating to the presentation of a Cash Flow Statement;
- (vii) The requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31 relating to the disclosure of standards, amendments and interpretations in issue but not yet effective; and
- (viii) The requirements of IAS 24 'Related Party Disclosures' paragraph 17 relating to the disclosure of key management personnel compensation and relating to the disclosure of related party transactions entered into between the LLP and other wholly-owned subsidiaries of the group.

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

The following standards and interpretations have been adopted in the financial statements as they are mandatory for the year ended 31 December 2016:

	<i>EU effective date</i>	<i>Periods beginning on or after</i>
Amendment to IAS 1 Presentation of Financial Statements: Disclosure initiative		1 January 2016
Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of acceptable methods of depreciation and amortisation		1 January 2016
Amendment to IAS 19 Employee Benefits: Defined benefit plans - Employee contributions		1 February 2015
Annual Improvements to IFRSs (2010 - 2012)		1 February 2015
Annual Improvements to IFRSs (2012 - 2014)		1 January 2016

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

**NOTES TO THE ACCOUNTS FOR THE PERIOD 31 DECEMBER 2016
(continued)**

2 ACCOUNTING POLICIES (continued)

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

The LLP is however continuing to assess the full impact that adopting IFRS 15 Revenue from Contracts with Customers will have on future financial statements, and therefore the full effect is yet to be determined.

	<i>EU effective date</i>	<i>Periods beginning on or after</i>
IFRS 9 Financial Instruments	1 January 2018	
IFRS 15 Revenue from Contracts with Customers	1 January 2018	
Clarifications to IFRS 15 Revenue from Contracts with Customers		Expected to be endorsed Q2 2017
IFRS 16 Leases		Expected to be endorsed Q2 2017
Annual Improvements to IFRSs (2014 - 2016)		Expected to be endorsed Q3 2017
IFRIC 22 Foreign Currency Transactions and Advance Consideration		Expected to be endorsed Q3 2017

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

Going concern

The parent company has confirmed that it will continue to support the LLP to enable it to continue as a going concern. Accordingly the financial statements have been prepared on the going concern basis.

Revenue recognition

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

Revenue is recognised when the right to consideration has been obtained through performance under each contract. Revenue in respect of contingent or conditional fee arrangements is recognised when contractually specified milestones or objectives are achieved and accepted by the client. When crystallisation of the contingent event is foreseen at the end of the financial year, the carrying value of work in progress is the lower of unbilled time and net realisable value.

Unbilled income is recognised in debtors as amounts recoverable on contracts after provision for unrecoverable amounts.

Interest income is accrued on a time basis, by reference to the principal outstanding and the interest rate applicable.

Capital contribution

Restricted equity in AlixPartners Holdings, LLP ("Parent"), granted by the Directors of that Company to members of AlixPartners Services UK LLP as part of the acquisition of operations are accounted for in the LLP's accounts and included as a capital contribution from the Parent company.

**NOTES TO THE ACCOUNTS FOR THE PERIOD TO 31 DECEMBER 2016
(continued)**

2 ACCOUNTING POLICIES (continued)

Goodwill

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

Provisions

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

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

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

Onerous lease

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

Impairment

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the impairment loss is recognised as an expense, unless the relevant asset is land and buildings at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

**NOTES TO THE ACCOUNTS FOR THE PERIOD FROM 31 DECEMBER 2016
(continued)**

2 ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets represents the independent valuation to the Group of customer lists existing on the acquisition of subsidiaries. Valuation is determined by calculating the net profit arising on each contract and on each customer discounted at 15% over the period the benefits are expected to flow to the LLP.

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

Customer lists	5 years reducing balance
----------------	--------------------------

Depreciation of property, plant and equipment

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

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

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged against income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to enter into operating lease are also spread on a straight line basis over the lease term.

Pensions

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

**NOTES TO THE ACCOUNTS FOR THE PERIOD FROM 31 DECEMBER 2016
(continued)**

2 ACCOUNTING POLICIES (continued)

Financial liabilities and equity

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

Equity instruments

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

Financial assets

The LLP classifies its financial assets as trade and other receivables. Classification of financial assets depends on the purpose for which the financial assets were acquired. The LLP determines the classification of its financial assets at initial recognition.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for trade receivables is established when there is objective evidence that the LLP will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of total comprehensive income.

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

Financial liabilities

The LLP classifies its financial liabilities as trade and other payables. Classification of financial liabilities depends on the purpose for which the financial liabilities arose. The LLP determines the classification of its financial liabilities at initial recognition.

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

**NOTES TO THE ACCOUNTS FOR THE PERIOD 31 DECEMBER 2016
(continued)**

2 ACCOUNTING POLICIES (continued)

Cash and cash equivalents

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

Foreign currencies

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

The average rate ruling in the accounting year was US\$1.35:£1 (2015: US\$1.53: £1), €1.22:£1 (2015:€1.38: £1); the rate ruling at the balance sheet date was US\$1.22:£1 (2015: US\$1.48: £1), €1.17:£1 (2015: €1.36: £1).

Taxation

The taxable profits of AlixPartners Services UK LLP are assessed on the members personally. The LLP is not therefore liable to tax on trading profits or investment income and no provision is made in the financial statements for the members' personal taxation and deferred taxation liabilities.

Members' remuneration

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

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

Members' interests

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

Critical accounting judgements and key sources of estimation uncertainty

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

**NOTES TO THE ACCOUNTS FOR THE PERIOD 31 DECEMBER 2016
(continued)**

2 ACCOUNTING POLICIES (continued)

Critical judgements in applying the LLP's accounting policy

Revenue recognition

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

Revenue is recognised when the right to consideration has been obtained through performance under each contract. Revenue in respect of contingent or conditional fee arrangements is recognised when contractually specified milestones or objectives are achieved and accepted by the client. When crystallisation of the contingent event is foreseen at the end of the financial year, the carrying value of work in progress is the lower of unbillable time and net realisable value.

Unbilled income is recognised in debtors as amounts recoverable on contracts for client work after provision for unrecoverable amounts.

Key sources of estimation uncertainty

Estimated useful lives and depreciation of property, plant and equipment

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

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

Calculation of goodwill and intangible assets

The LLP determines whether goodwill and intangible assets are impaired at least on an annual basis and measures the recoverable amount whenever there is an indication that there may be impairment. This requires an estimation of the value in use of the goodwill and intangibles. Estimating the value in use requires the LLP to make an estimate of the expected future cashflow from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Bad debt provisions

The trade receivables balances recorded in the LLP's statement of financial position comprise a relatively small number of large balances. A full line by line review of trade receivables is carried out at the end of each month. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectible.

ALIXPARTNERS SERVICES UK LLP

NOTES TO THE ACCOUNTS FOR THE PERIOD 31 DECEMBER 2016 (continued)

2 ACCOUNTING POLICIES (continued)

Unbilled income provisions

A full line by line review of work in progress is carried out at the end of each month. Whilst every attempt is made to ensure that the accrued income provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectible.

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

Nature and purpose of reserves

Members' capital

Members capital is classified as liabilities. AlixPartners Limited has made a capital contribution to the LLP of £2.74m. The capital contribution of all other members is set out in the Partnership agreement. There is no interest on members' capital.

Reserves

Reserves comprise profit/loss less drawings and distributions to members. The members have agreed a Members' Drawings Plan. Any profits or losses not allocated to other members under the Members' Drawings Plan and all capital profits and losses are allocated to AlixPartners Limited. Individual members' entitlements under the Members' Drawings Plan are subject to annual review and agreement with the designated members.

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

3 REVENUE

All revenue has been derived from the LLP's principal activity and has been generated in the United Kingdom 88% (2015: 91%), Continental Europe 8% (2015: 6%) and Rest of the World 4% (2015: 3%).

Included in revenue are amounts of approximately £2.5m (Period ended 31 December 2015: £7.2m) arising on sales to the LLP's largest customer.

4 OPERATING LOSS/PROFIT

	2016 £'000	2015 £'000
Operating (loss)/profit is stated after charging:		
Depreciation of property, plant and equipment	167	296
Impairment (reversal)/losses on property, plant and equipment	(318)	318
Auditor's remuneration – audit fees	26	25
Auditor's remuneration – partnership tax compliance	5	5
Exchange differences	11,303	808
Lease costs	1,238	779
Amortisation of intangible assets	2,650	3,655
Staff costs excluding members remuneration	17,853	14,063

ALIXPARTNERS SERVICES UK LLP

NOTES TO THE ACCOUNTS FOR THE PERIOD TO 31 DECEMBER 2016 (continued)

5 FINANCE REVENUE

	2016	12 January – 31 December 2015
	£'000	£'000
Bank and other interest receivable	<u>1</u>	<u>-</u>

6 FINANCE COST

	2016	12 January - 31 December 2015
	£'000	£'000
Bank and other interest payable	782	-
Interest paid to parent undertaking	<u>2,326</u>	<u>1,490</u>
	<u>3,108</u>	<u>1,490</u>

7 TAXATION

The taxable profits of AlixPartners Services UK LLP are assessed on the members personally. The LLP is not therefore liable to tax on trading profits or investment income and no provision is made in the financial statements for the members' personal taxation and deferred taxation liabilities.

8 GOODWILL

	2016	2015
	£'000	£'000
Cost		
At 1 January	38,848	-
Additions	-	38,848
Disposals	(62)	-
At 31 December	<u>38,786</u>	<u>38,848</u>
Impairment		
At 1 January and 31 December	<u>-</u>	<u>-</u>
Net Book Value		
At 31 December	<u>38,786</u>	<u>38,848</u>

The Goodwill was reviewed for impairment at 31 December 2016 by looking at the 5 year future cash flow projections discounted at 15% (2015: 15%). The recoverable was estimated to be equal to the goodwill arising on their acquisition.

Management's assumptions on which the cash flow projections have been completed have been based on key metrics and ratios of historic performance. Management has flexed the assumptions downwards to account for the global economic conditions experienced post year-end.

NOTES TO THE ACCOUNTS FOR THE PERIOD 31 DECEMBER 2016 (continued)

8 GOODWILL (continued)

In accordance with the Group's accounting policy, the carrying values of goodwill are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. The carrying values are assessed for impairment purposes by calculating the net present value (NPV) of future cash flows arising from the original acquired businesses or from the business combinations subsequently created. The goodwill impairment review assessed whether the carrying value of goodwill was supported by the NPV of future cash flows based on management forecasts for 5 years from 2016 using an assumed annual growth rate of nil beyond 2016 and a pre-tax discount rate of 15% based on the Group's estimated weighted average cost of capital. Cash flows beyond the 5 year period are extrapolated using the terminal value. Management have made the judgement that this long-term growth rate does not exceed the long-term average growth rate for the industry.

Sensitivity analysis was performed using different annual growth rates and a range of different weighted average cost of capital rates and period of forecast. Management concluded that an annual growth rate pre-tax discount rate of 15% was appropriate and safe in view of all relevant factors and reasonable scenarios.

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

9 OTHER INTANGIBLE ASSETS

Customer Lists	2016 £'000	2015 £'000
Cost		
At 1 January	8,027	-
Additions	-	8,027
At 31 December	<u>8,027</u>	<u>8,027</u>
Amortisation		
At 1 January	3,655	-
Charge for the year	2,650	3,655
At 31 December	<u>6,305</u>	<u>3,655</u>
Net Book Value		
At 31 December	<u>1,722</u>	<u>4,372</u>

Amortisation of £2.650m (Period ended 31 December 2015: £3.655m) is included in operating costs.

ALIXPARTNERS SERVICES UK LLP

**NOTES TO THE ACCOUNTS FOR THE PERIOD FROM 31 DECEMBER 2016
(continued)**

10 PROPERTY, PLANT AND EQUIPMENT

	Fixtures, fittings and equipment £'000	Computer equipment £'000	Leasehold improvements £'000	Assets in course of construction £'000	Total £'000
Cost					
At 1 January 2016	126	318	334	-	778
Additions	-	30	-	3	33
Disposals	(115)	(64)	(296)	-	(475)
At 31 December 2016	11	284	38	3	336
Depreciation					
At 1 January 2016	126	154	334	-	614
Charge for the year	9	126	32	-	167
Impairment reversal	(78)	-	(240)	-	(318)
Disposals	(50)	(63)	(110)	-	(223)
At 31 December 2016	7	217	16	-	240
Net book value					
At 31 December 2016	4	67	22	3	96
At 31 December 2015	-	164	-	-	164

No assets are secured.

ALIXPARTNERS SERVICES UK LLP

NOTES TO THE ACCOUNTS FOR THE PERIOD FROM 31 DECEMBER 2016 (continued)

11 TRADE AND OTHER RECEIVABLES DUE WITHIN ONE YEAR

	2016 £'000	2015 £'000
Trade receivables	2,814	6,393
Trade receivables – provision	(546)	(754)
Trade receivables net	2,268	5,639
Other receivables	33	260
Prepayments and accrued income	195	1,010
Amounts recoverable on contracts	5,249	8,155
Amounts due from group undertakings	29	-
Amounts due from parent undertaking	32,438	6,319
	<u>40,212</u>	<u>21,383</u>

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

Included within trade receivables is £0.8m (2015: £2.5m) due from the LLP's largest customer.

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

12 TRADE AND OTHER RECEIVABLES DUE AFTER ONE YEAR

	2016 £'000	2015 £'000
Other receivables	4	-
Amounts due from Members	152	152
	<u>156</u>	<u>152</u>

13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the financial period can be reconciled to the related items in the statement of financial position as follows:

	2016 £'000	2015 £'000
Cash at bank and in hand	<u>5,053</u>	<u>5,723</u>

Credit risk

The LLP's credit risk is primarily attributable to its trade receivables. Risks are mitigated by obtaining advances from customers together with regular monitoring of balances. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

ALIXPARTNERS SERVICES UK LLP

NOTES TO THE ACCOUNTS FOR THE PERIOD 31 DECEMBER 2016
(continued)

14 TRADE AND OTHER PAYABLES DUE WITHIN ONE YEAR

	2016 £'000	2015 £'000
Trade payables	215	325
Amounts due to members	3,766	5,516
Taxation and other social security	2,705	2,734
Accruals and deferred income	3,824	2,568
Amounts due to group undertakings	9,174	7,071
	<u>19,684</u>	<u>18,214</u>

The amounts due to group undertakings are unsecured and interest free.

15 TRADE AND OTHER PAYABLES DUE AFTER MORE THAN ONE YEAR

	2016 £'000	2015 £'000
Accruals and deferred income	805	-
Amount due to parent undertaking	55,294	12,895
Amounts due to members	4,699	4,059
	<u>60,798</u>	<u>16,954</u>

The amount due to the parent undertaking includes an intercompany facility for \$68,021,052 (2015: \$19,116,252) with interest charged at a rate of 4% + LIBOR p.a., which is due for repayment on 1 January 2026. The facility is unsecured.

16 PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	2016 £'000	2015 £'000
At 1 January 2016	383	-
Additional provision in the period	273	476
Provision released in the period	(77)	(93)
At 31 December 2016	<u>579</u>	<u>383</u>

The gross provision includes £0.25m for the expected rectification costs to be incurred on cessation of one of the leasehold property agreements and an £0.33m onerous lease provision. The onerous lease provision has not been discounted and is expected to be utilised in 2019.

17 FINANCIAL COMMITMENTS

As at 31 December the minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings	
	2016 £'000	2015 £'000
Expiry date:		
Within one year	373	1,019
Between two and five years	747	2,894
	<u>1,120</u>	<u>3,913</u>

ALIXPARTNERS SERVICES UK LLP

NOTES TO THE ACCOUNTS FOR THE PERIOD 31 DECEMBER 2016 (continued)

18 STAFF COSTS

Number of employees

The average number of employees (excluding members) during the year was 153 (Period ended 31 December 2015: 157) classified as follows:

	2016	12 January - 31 December 2015
	No.	No.
Consultants	113	111
Administration	40	46
	<u>153</u>	<u>157</u>

	2016	12 January - 31 December 2015
	£'000	£'000
Staff costs		
Wages and salaries	15,761	12,677
Social security costs	1,560	899
Pensions	532	487
	<u>17,853</u>	<u>14,063</u>

19 MEMBERS' REMUNERATION

	2016	12 January - 31 December 2015
	No.	No.
Information in relation to members:		
The average number of members during the year was	<u>22</u>	<u>21</u>
	£'000	£'000
The amount of profit attributable to the member with the largest entitlement was	<u>2,324</u>	<u>1,144</u>

ALIXPARTNERS SERVICES UK LLP

NOTES TO THE ACCOUNTS FOR THE PERIOD FROM 31 DECEMBER 2016 (continued)

19 MEMBERS' REMUNERATION (continued)

The members are the key management personnel for the LLP.

Members' remuneration charged as an expense in the year was £6.578m (Period ended 31 December 2015: £8.736m).

Members are required to make their own provision for pensions from their profit shares. Any contributions by the LLP to the defined contribution pension policies held individually by members are accounted for as an allocation of profits.

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

20 PENSION COSTS

The pension cost represents contributions payable by the LLP to the funds and amounted to £0.53m (2015: £0.49m). Contributions totalling £0.1m (2015: £nil) were payable to the funds at the year end.

21 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

The LLP has taken advantage of the exemption offered by FRS 101 from "the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group" where there is 100% ownership.

There were no transactions with other related parties during the financial year (Period ended 31 December 2015: £nil).

22 ULTIMATE CONTROLLING PARTY

On 12 January 2017, a transfer of ownership was executed between the ultimate controlling party, Affiliates of CVC Capital Partners ("CVC Capital"), incorporated in the United States of America, and Lakeview Capital, Caisse de dépôt et placement du Québec, Public Sector Pension Investment Board and Investcorp Group (collectively the "New Investors"). The post-ownership change structure results in no individual investor being the ultimate controlling party.

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

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

23 POST BALANCE SHEET EVENTS

On 12 January 2017, a transfer of ownership was executed between the ultimate controlling party, Affiliates of CVC Capital Partners ("CVC Capital"), incorporated in the United States of America, and Lakeview Capital, Caisse de dépôt et placement du Québec, Public Sector Pension Investment Board and Investcorp Group (collectively the "New Investors"). The post-ownership change structure results in no individual investor being the ultimate controlling party.

There have been no other significant events between the end and the date of approval of these accounts which would require a change to or disclosure in the accounts.