

Company Number: 04560445

ALIXPARTNERS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

THURSDAY



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ALIXPARTNERS LIMITED

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ALIXPARTNERS LIMITED
COMPANY INFORMATION

DIRECTORS

Kathryn Koorenn
Paul Thompson
Stefano Aversa
Stephen Deedy
Lisa Carnoy

SECRETARY

Kathryn Koorenn

INDEPENDENT AUDITOR

Mazars LLP
Tower Bridge House
St Katharine's Way
London
E1W 1DD

REGISTERED OFFICE

6 New Street Square
London
EC4A 3BF

COMPANY NUMBER

04560445

ALIXPARTNERS LIMITED

STRATEGIC REPORT

The Directors present their strategic report for AlixPartners Limited for the year ended 31 December 2017.

PRINCIPAL ACTIVITY

The principal activity of the Group was that of consultancy services to assist clients in managing operational and financial challenges.

The principal activity of the Company is that of a holding company.

REVIEW AND ANALYSIS OF THE BUSINESS DURING THE CURRENT YEAR

Key performance indicators

The key financial performance indicators of the Group are well known and monitored by Management monthly, they include: revenue growth, both in total value and by consultant, cash collections, days of sales outstanding, staff utilisation, and EBITDA.

Development and financial performance during the year

The Management team is pleased with the current year results and the performance of the Group and comforted in the strategic decisions taken during the year. Management take pride in the quality of the consultants hired as a result of the rigorous recruitment process undertaken and the enviable reputation of the international AlixPartners Group.

The Group performance recorded in 2017 has seen revenues increase by 23.3% to £303.2m (2016: £245.9m), while the consulting team has remained consistent with the prior year at 597 (2016: 598) and operating costs have increased 7.9% to £239.3m (2016: £221.8m). The prior year was impacted by consolidation of the ZC acquisition and incorporation of the associated consulting team growth into the Group. The work undertaken in the prior year on targeted expansion of industry expertise and offerings, along with management attention on profitable engagements has resulted in an increase in profits on ordinary operations to £52.3m (2016: £14.0m).

The strategic priorities of the Group will remain its staff and its offerings:

- The focus on recruiting the best staff in the market is driven by an extensive recruitment process and testing. Less than 10% of candidates selected for interviews and testing end up joining the team.
- A major aspect in managing the recruitment costs remains the Group's capacity to maintain high motivation and create an environment where talented people can excel and get rewarded.
- The Group continues to develop capabilities and expertise to meet client needs, and provide quality, meaningful and relevant insights.
- Our major differentiator in the market is our ability to build multidiscipline senior teams.

Financial position at the reporting date

The Statement of Financial Position shows that the Group's net asset position has increased by £22.4m to £65.9m during the year, which is driven by the increase in current trade and other receivables of £21.5m and cash and cash equivalents of £24.3m, offset by an increase of £27.9m in current trade and other payables.

The cash generated by the operating activities in the Consolidated Statement of Cash Flows of £64.4m has been partially offset by drawings by non-controlling interests of £31.1m.

ALIXPARTNERS LIMITED

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE BUSINESS

The Executive Committee continually monitor the key risks facing the Group 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 Group are as follows:

- Competitor pressure – the market in which the Group 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 "Big 4 practices" are also seeking to consolidate their offerings and teams.
- Loss of key personnel – this would present significant difficulties for the Group. 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 Group KPI's and revenue growth. The Group manages this risk by ensuring there is enough breadth in its client base and maintaining a pipeline of potential/new clients.
- Liquidity and cash flow risk – the Group produces cash flow forecasts covering a twelve month period to manage its liquidity requirements. The Group's Management and board review these forecasts regularly.
- Interest rate risk – the Group 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 Group.
- Currency risk – an increasing value of income and expenses are denominated in foreign currencies. The Group does not have a strategy to manage transactional currency exposure on an active basis as the Members believe the risks associated with currency exposure would be no greater than the risks associated with entering into hedging arrangements, as the costs of hedging can be significant, which may be greater than the cost of the fluctuation in currency. Some of the Group's assets and liabilities are denominated in foreign currency.
- Credit risk – The Group's credit risk is primarily attributable to its trade receivables. Risks are mitigated by obtaining advances from customers together with regular monitoring of balances. In addition, the Group has exposure to credit risk relating to the financial assets of the Group 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 LIMITED

STRATEGIC REPORT (continued)

- Operational risk - The Group 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 Group's insurance policies are reviewed each year prior to policy renewal.

APPROVAL

This report was approved on 24 September 2018 on behalf of the Directors by:



Paul Thompson
Director
6 New Street Square
London
EC4A 3BF

ALIXPARTNERS LIMITED

DIRECTORS' REPORT

The Directors submit their Report and consolidated financial statements for the year ended 31 December 2017.

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 Directors' Report have been omitted as they are included in the Strategic Report on pages 4 and 6. These matters relate to the review and analysis of the business, development and financial performance, future prospects and the principal risks and uncertainties.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £52.3m (2016: £14.0m).

The Directors do not recommend the payment of a dividend (2016: £nil).

FUTURE DEVELOPMENTS

AlixPartners revenue growth during 2017 confirms its value-proposition is still very relevant in the market place especially in the light of the uncertainties of some of the European economies.

The increasing reputation derived from the quality of the delivery of its projects across Europe continues to make the company an attractive employer for senior revenue generators and junior employees looking for a career in consulting. Furthermore, the Company has been strengthening the support functions servicing the business and developing training programs to help the current consultant force and the future new joiners with their clients' challenges. The coming years' growth of AlixPartners will be based on the new offerings and solutions adapted to the challenging economic environment companies are facing in Europe and the consistent quality of its delivery teams.

The announcement of the Referendum of the United Kingdom's (U.K.) Membership of the European Union (E.U.) (Brexit), advising for the exit of the U.K. from the E.U. is being monitored closely by management. The announcement of Brexit caused significant volatility in global stock markets and currency exchange rate fluctuations. A fluctuation of currency exchanges may expose the Company and Group to gains or losses on non GBP currency transactions.

CREDITOR PAYMENT POLICY

The Group seeks to maintain good terms with all of its trading partners. In particular, it is the Group's policy to agree appropriate terms and conditions for its transactions with suppliers and, provided the supplier has complied with its obligations, to abide by the terms of payment agreed. Trade creditor days of the Group for the year ended 31 December 2017 were at 39 days (2016: 22 days).

DISABLED EMPLOYEES

AlixPartners is an equal opportunity employer and does not tolerate unlawful discrimination or harassment. Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

ALIXPARTNERS LIMITED

DIRECTORS' REPORT (continued)

EMPLOYEE CONSULTATION

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meetings, group and local country newsletters and a wide range of material regularly posted to the group intranet. Employees are consulted regularly on a wide range of matters affecting their current and future interest as the group continues its commitment to be the best place to work in our industry – people centric, value based and focused on designing elegant solutions for our clients when it really matters.

DIRECTORS AND THEIR INTERESTS IN SHARES

The Directors of the Company during the year and at the date of this report are set out below:

Paul Thompson (appointed 23 March 2017)

Kathryn Kooreenny

Didier Faure (resigned 23 March 2017)

Stefano Aversa

Stephen Deedy

Lisa Carnoy (appointed 1 July 2018)

The Directors and their connected persons had no interest in the shares of the Company at 31 December 2017 and 31 December 2016. Their shares in the Parent Company, AlixPartners Holdings, LLP, are shown in that Company's financial statements.

The Directors' interests in the employee incentive plan are included in note 23 to the financial statements.

DIRECTORS LIABILITIES

The Company has granted indemnity against liability to its Directors during the year. Appropriate directors' and officers' liability insurance cover is in place in respect of the Company's Directors.

POLITICAL DONATIONS

The Group made no donations for political purposes (2016: nil).

POST BALANCE SHEET EVENTS

Other than those disclosed in Note 27, there have been no other significant events between the year end and the date of approval of these accounts which would require a change or disclosure in the accounts.

BRANCHES

The company operates a branch in Zurich, Switzerland and Abu Dhabi, UAE. The UK LLP subsidiary operates a branch in Dubai, UAE and AlixPartners SV Ukraine Limited operates a branch in Zagreb, Croatia.

ALIXPARTNERS LIMITED

DIRECTORS' REPORT (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted for use in the European Union. Under company law the Directors 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 company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether IFRS as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITOR

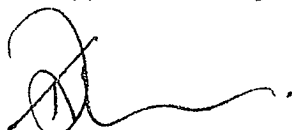
A resolution to re-appoint Mazars LLP will be proposed at the Annual General Meeting.

Statement of disclosure to auditor

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

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

Approved and signed on behalf of the Board



Paul Thompson
Director

24 September 2018

Registered Office:

6 New Street Square
London EC4A 3BF

ALIXPARTNERS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALIXPARTNERS LIMITED

Opinion

We have audited the financial statements of AlixPartners Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company'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.

ALIXPARTNERS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALIXPARTNERS LIMITED (continued)

Other information

The directors 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 9, the directors 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 directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

ALIXPARTNERS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALIXPARTNERS LIMITED (continued)

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company'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 directors either intend to liquidate the group or the parent company 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. This description forms part of our auditor's report.

Use of the audit report

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

Elisabeth Maxwell (Senior Statutory Auditor)

Elisabeth Maxwell

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Tower Bridge House
St Katharine's Way
London
E1W 1DD

Date:

26th September 2018

ALIXPARTNERS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2017

Continuing activities	Note	2017 £'000	2016 £'000
REVENUE	2	303,243	245,877
Operating costs		(239,343)	(221,804)
Operating profit	3	63,900	24,073
Investment revenue	4	75	-
Finance costs	5	(5,128)	(4,947)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		58,847	19,126
Taxation	6	(6,563)	(5,096)
PROFIT FOR THE YEAR		52,284	14,030
OTHER COMPREHENSIVE INCOME			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		2,103	6,138
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		54,387	20,168
Profit attributable to:			
Owners of the parent company		21,153	(15,348)
Non-controlling interests		31,131	29,378
		52,284	14,030
Total comprehensive income attributable to:			
Owners of the parent company		23,256	(9,210)
Non-controlling interests		31,131	29,378
		54,387	20,168

The notes on page 20 to 52 form part of these financial statements.

ALIXPARTNERS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

Company number: 04560445

	Note	2017 £'000	2016 £'000
ASSETS:			
Non-Current Assets			
Goodwill	8	55,812	55,812
Deferred tax	18	574	395
Other intangible assets	9	582	1,722
Trade and other receivables	10	252	290
Property, plant and equipment	11	5,350	6,471
		<u>62,570</u>	<u>64,690</u>
Current Assets			
Trade and other receivables	13	132,264	110,805
Cash and cash equivalents	14	55,142	30,762
		<u>187,406</u>	<u>141,567</u>
Total Assets		<u>249,976</u>	<u>206,257</u>
LIABILITIES:			
Current Liabilities			
Trade and other payables	15	(93,233)	(65,287)
		<u>(93,233)</u>	<u>(65,287)</u>
Non-Current Liabilities			
Trade and other payables	16	(86,931)	(93,376)
Provisions for other liabilities and charges	17	(3,886)	(4,046)
		<u>(90,817)</u>	<u>(97,422)</u>
Total Liabilities		<u>(184,050)</u>	<u>(162,709)</u>
Net Assets		<u>65,926</u>	<u>43,548</u>
EQUITY:			
Ordinary shares	19	-	-
Reserves		63,911	41,233
Capital and reserves		<u>63,911</u>	<u>41,233</u>
Non-controlling interests		2,015	2,315
Total Equity		<u>65,926</u>	<u>43,548</u>

The financial statements were approved by the Board of Directors and authorised for issue on 24 September 2018 and signed on its behalf by

Paul Thompson
Director

The notes on page 20 to 52 form part of these financial statements.

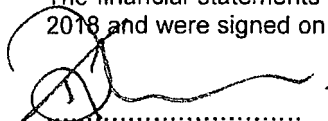
ALIXPARTNERS LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

Company number: 04560445

	Note	2017 £'000	2016 £'000
ASSETS:			
Non-Current Assets			
Property, plant and equipment	11	1,804	2,236
Trade and other receivables	10	64,541	68,124
Investments	12	22,381	22,381
		<u>88,726</u>	<u>92,741</u>
Current Assets			
Trade and other receivables	13	14,119	11,056
Cash and cash equivalents	14	728	1,059
		<u>14,847</u>	<u>12,115</u>
Total Assets		<u>103,573</u>	<u>104,856</u>
LIABILITIES:			
Current Liabilities			
Trade and other payables	15	(32,766)	(36,368)
		<u>(32,766)</u>	<u>(36,368)</u>
Non-Current Liabilities			
Trade and other payables	16	(84,105)	(87,543)
Provisions for other liabilities and charges	17	(1,018)	(979)
Deferred tax	18	(19)	(61)
		<u>(85,142)</u>	<u>(88,583)</u>
Total Liabilities		<u>(117,908)</u>	<u>(124,951)</u>
Net Liabilities		<u>(14,335)</u>	<u>(20,095)</u>
EQUITY:			
Capital and Reserves Attributable to Equity Shareholders			
Ordinary shares	19	-	-
Reserves		(14,335)	(20,095)
Total Equity		<u>(14,335)</u>	<u>(20,095)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 24 September 2018 and were signed on its behalf by



Paul Thompson
Director

The notes on page 20 to 52 form part of these financial statements.

ALIXPARTNERS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2017

	Share Capital £'000	Retained Earnings £'000	Capital Contribution £'000	Currency Translation Reserve £'000	Attributable to Owners of Parent £'000	Non- Controlling Interests £'000	Total £'000
Balance at 1 January 2016	-	29,590	36,886	(2,917)	63,559	2,930	66,489
Profit for the year	-	14,030	-	-	14,030	-	14,030
Allocated profit	-	(29,378)	-	-	(29,378)	29,378	-
Capital contributions from new members of subsidiary LLPs	-	-	-	-	-	15	15
Drawings by members of subsidiary LLPs	-	-	-	-	-	(30,008)	(30,008)
Other comprehensive income:							
Currency translation differences	-	-	-	6,138	6,138	-	6,138
Total other comprehensive income	-	-	-	6,138	6,138	-	6,138
Total comprehensive income	-	(15,348)	-	6,138	(9,210)	(615)	(9,825)
Capital contribution	-	-	(13,116)	-	(13,116)	-	(13,116)
Balance at 31 December 2016	-	14,242	23,770	3,221	41,233	2,315	43,548
Profit for the year	-	52,284	-	-	52,284	-	52,284
Allocated profit	-	(31,131)	-	-	(31,131)	31,131	-
Capital contributions from new members of subsidiary LLPs	-	-	-	-	-	35	35
Drawings by members of subsidiary LLPs	-	-	-	-	-	(31,466)	(31,466)
Distributions	-	(7,349)	-	-	(7,349)	-	(7,349)
Other comprehensive income:							
Currency translation differences	-	-	-	2,103	2,103	-	2,103
Total other comprehensive income	-	-	-	2,103	2,103	-	2,103
Total comprehensive income	-	13,804	-	2,103	15,907	(300)	15,607
Capital contribution	-	-	6,771	-	6,771	-	6,771
Balance at 31 December 2017	-	28,046	30,541	5,324	63,911	2,015	65,926

The notes on page 20 to 52 form part of these financial statements.

ALIXPARTNERS LIMITED**COMPANY STATEMENT OF CHANGES IN EQUITY****Year ended 31 December 2017**

	Share Capital	Retained Earnings	Capital Contribution	Total
	£'000	£'000	£'000	£'000
Balance at 1 January 2016	-	1,323	2,125	3,448
Total comprehensive income for the year	-	(23,551)	-	(23,551)
Capital contribution	-	-	8	8
Balance at 31 December 2016	-	(22,228)	2,133	(20,095)
Total comprehensive income for the year	-	5,628	-	5,628
Capital contribution	-	-	132	132
Balance at 31 December 2017	-	(16,600)	2,265	(14,335)

The notes on page 20 to 52 form part of these financial statements.

ALIXPARTNERS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2017

	Note	2017 £'000	2016 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit		63,900	24,073
Adjustments for:			
Share option charge		6,771	6,381
Foreign exchange		(2,011)	13,102
Depreciation of property, plant & equipment		2,200	2,421
Impairment reversal of property, plant & equipment		-	(1,688)
Amortisation of intangible assets		1,140	2,650
Increase in provisions		(3,831)	(2,379)
Loss on disposal of property, plant & equipment		3	1,170
OPERATING CASH FLOWS BEFORE MOVEMENT IN WORKING CAPITAL		68,172	45,730
Increase in receivables		(19,315)	(31,064)
Increase in payables		19,577	8,004
CASH GENERATED BY OPERATING ACTIVITIES		68,434	22,670
Income tax paid		(4,163)	(6,019)
NET CASH GENERATED BY OPERATING ACTIVITIES		64,271	16,651
Investing activities:			
Interest received		75	-
Purchase of property, plant & equipment		(1,040)	(5,311)
Purchase of investments		-	(19,436)
Drawings by members of subsidiary LLPs		(31,131)	(29,378)
NET CASH USED IN INVESTING ACTIVITIES		(32,096)	(54,125)
Financing activities:			
Interest paid		(53)	(44)
(Decrease)/increase in long term loans		(11,812)	42,392
NET CASH (USED IN)/GENERATED IN FINANCING ACTIVITIES		(11,865)	42,348
NET INCREASE IN CASH AND CASH EQUIVALENTS		20,310	4,874
Effect of exchange rate on cash and cash equivalents		4,070	(7,154)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		30,762	33,042
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	55,142	30,762

The notes on page 20 to 52 form part of these financial statements.

ALIXPARTNERS LIMITED

COMPANY STATEMENT OF CASHFLOWS
Year ended 31 December 2017

	Note	2017 £'000	2016 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit/(loss)		9,444	(21,732)
Adjustments for:			
Share option charge		132	8
Foreign exchange		(1,811)	3,380
Depreciation of property, plant & equipment		448	511
Impairment reversal of property, plant & equipment		-	(906)
Loss on disposal of property, plant & equipment		-	681
Increase/(decrease) in provisions		39	(1,874)
OPERATING CASH FLOWS BEFORE MOVEMENT IN WORKING CAPITAL		8,252	(19,932)
Decrease/(increase) in receivables		2,044	(61,385)
(Decrease)/increase in payables		(4,660)	35,025
CASH GENERATED/(USED) BY OPERATING ACTIVITIES		5,636	(46,292)
Income tax paid		(22)	(873)
NET CASH GENERATED/(USED) BY OPERATING ACTIVITIES		5,614	(47,165)
Investing activities:			
Interest received		-	-
Disposal of investments		-	10,248
Purchase of property, plant & equipment		(16)	(2,372)
NET CASH (USED)/GENERATED IN INVESTING ACTIVITIES		(16)	7,876
Financing activities:			
Interest paid		(3)	(20)
(Decrease)/increase in long term creditor advances		(5,926)	38,862
NET CASH (USED)/GENERATED IN FINANCING ACTIVITIES		(5,929)	38,842
NET DECREASE IN CASH AND CASH EQUIVALENTS		(331)	(447)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,059	1,506
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	728	1,059

The notes on page 20 to 52 form part of these financial statements.

ALIXPARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2017

1 ACCOUNTING POLICIES

Presentation of Financial Statements

AlixPartners Limited is a Company incorporated in England and Wales. The address of the registered office is given on page 3 of the financial statements. The nature of the Group's operations and its principal activities are set out in the Strategic Report and Directors' Report on pages 4 to 9.

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards adopted for use by the European Union.

The accounts have been prepared on the going concern basis and under the historical cost basis.

Basis of preparation

The following standards and interpretations have been adopted in the financial statements as they are mandatory for the year ended 31 December 2017:

	<i>EU effective date</i>	<i>Periods beginning on or after</i>
Amendment to IAS 7 Statement of Cash Flows: Disclosure initiative	1 January 2017	
Amendment to IAS 12 Income Taxes: Recognition of deferred tax assets for unrealised losses	1 January 2017	
Annual Improvements to IFRSs (2014 - 2016): Clarification of the scope of IFRS 12 Disclosure of Interests in Other Entities	1 January 2017/1 January 2018	

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

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

The Company is in its final stages of quantifying the financial impacts of adopting IFRS 15 Revenue from Contracts with Customers, based on the contracts that exist at the date of adoption, as well as evaluating presentation of our revenues and required enhancements to disclosures. We are working to implement both process and information systems changes to identify and assess contracts that are impacted by the new revenue recognition criteria and accumulate data to satisfy new disclosure requirements. We expect that the new standard will have an immaterial impact on our consolidated financial statements, other than increased disclosures, upon adoption. Changes to revenue recognition as a result of applying the new standard will largely arise from certain contingent or success fee arrangements as described below.

ALIXPARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2017 (continued)

1 ACCOUNTING POLICIES (continued)

	<i>EU effective date Periods beginning on or after</i>
Amendment to IFRS 2 Share-based Payment: Classification and measurement of share-based payment transactions	1 January 2018
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	1 January 2018
IFRS 16 Leases	1 January 2019
Annual Improvements to IFRSs (2014 - 2016)	1 January 2017/1 January 2018
Annual Improvements to IFRSs (2015 - 2017)	Expected to be endorsed 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRIC 23 Uncertainty over Income Tax Treatments	Expected to be endorsed Q3 2018

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.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of a subsidiary.

Subsidiaries are accounted for using the acquisition method of accounting whereby the Group's results include the results of the acquired business from the date of acquisition. Income and expenses of subsidiaries incorporated or acquired during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group transactions and balances are eliminated on consolidation.

Companies acquired from Group companies are consolidated, from the date control was achieved, in accordance with IFRS 3 Business combinations.

Going concern

The financial statements have been prepared on a going concern basis as management has reasonable expectation that the Company and Group have adequate financial resources to meet its operational needs for the foreseeable future.

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2017 (continued)

1 ACCOUNTING POLICIES (continued)

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 from consulting services is recognised when work is performed in line with the contractual arrangement, the fees are fixed or determinable and collection is reasonably assured. 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 accrued income 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

Share interests in the immediate Parent Company granted by the Directors of that Company to Directors and employees of AlixPartners Limited and its subsidiary undertakings are accounted for in each Company's financial statements and included as a capital contribution from the Parent Company. The Company calculates the cost of the shares to the Group based on the option pricing method and the charge relating to each subsidiary is accounted for in that Company.

Share based payments – employee services

The fair value of employee services received in exchange for the grant of options or shares is recognised as an expense. The total amount to be expensed annually over the vesting period is determined by reference to the fair value of the options or shares determined at the grant date, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable and the number of shares that the employee will ultimately receive. This estimate is revised at each balance sheet date and the difference is charged or credited to the consolidated statement of comprehensive income.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or jointly controlled entity 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.

On disposal of a subsidiary, the attributable amount of unamortised goodwill, which has not been subject to impairment, is included in the determination of the profit or loss on disposal.

The goodwill impairment test is performed for each subsidiary which constitutes a business for which discrete financial information is available, and segment management regularly reviews the operating results of each subsidiary.

ALIXPARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2017 (continued)

1 ACCOUNTING POLICIES (continued)

Provision for dismantling and restoration

AlixPartners Limited has a legal obligation to restore the leasehold property owned by third parties, at which the UK business is located, to their original state at the end of the lease. The costs associated with restoring the leasehold property are capitalised in the carrying amounts of property, plant and equipment and depreciated over the life of the lease. The total provision required to restore these leasehold properties, discounted to its present value, is recognised under provisions. If the provision is adjusted, the present value of the changes in the liability are either added to or deducted from the cost of the related asset. The amount deducted from the cost of the related asset shall not exceed its carrying amount. Any excess is recognised immediately in the consolidated statement of comprehensive income.

Onerous lease

The Group 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 Group 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 Group 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 re-valued 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 re-valued amount, in which case the reversal of the impairment loss treated as a revaluation increase. Impairment losses relating to goodwill are not reversed.

Intangible assets

Intangible assets represent 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 group.

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
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ALIXPARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2017 (continued)

1 ACCOUNTING POLICIES (continued)

Depreciation of property, plant and equipment

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

	term of the lease
Leasehold improvements	10 years
Office equipment	10 years
Office fixtures & fittings	3 years
Computer equipment	

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.

Segment reporting

A business segment is a group of assets and operations engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Group's reporting units are its subsidiaries, which are one level below the business segment.

Fixed asset investments

Fixed asset investments are stated at cost less provision for any permanent diminution in value.

Pensions

The Group operates defined contribution personal pension schemes for employees. The assets of the schemes are held separately from those of the Group in independently administered funds. Contributions in respect of defined contribution plans are charged to profit or loss when they are payable.

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 Group.

Equity instruments

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

ALIXPARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2017 (continued)

1 ACCOUNTING POLICIES (continued)

Financial assets

The Group 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 Group 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 Group 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 Group classifies its financial liabilities as trade and other payables. Classification of financial liabilities depends on the purpose for which the financial liabilities arose. The Group 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.

Provisions

Provisions for onerous contracts, restructuring costs and legal claims are recognised when: the Group 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 using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Cash and cash equivalents

Cash and cash equivalents comprise cash on 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.

ALIXPARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2017 (continued)

1 ACCOUNTING POLICIES (continued)

Foreign currencies

The consolidated financial statements are presented in sterling which is the Company's functional currency and the Group's presentational currency. Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the consolidated statement of comprehensive income.

On consolidation, the results of overseas operations are translated at the average rates of exchange during the year and their balance sheets translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange differences that arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to reserves.

The average rate ruling in the accounting period was US\$1.29: £1 (2016: US\$1.35: £1), €1.14: £1 (2016: €1.22: £1); the rate ruling at the balance sheet date was US\$1.35: £1 (2016: US\$1.23: £1), €1.13: £1 (2016: €1.17: £1).

Taxation

The tax charge represents the sum of current and deferred tax.

Current tax is based on taxable profits for the year after all potential reliefs available have been utilised. Taxable profits differ from net profits as reported in the statement of comprehensive income because it excludes items that are taxable or deductible in other years and items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by temporary differences between the treatment of certain items for taxation and accounting purposes. Deferred tax assets are not recognised to the extent that they will not be recovered. The deferred tax balance has not been discounted.

The carrying amounts of deferred tax assets is reviewed at each balance sheet date and is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability or the asset is realised.

Reserves

Currency translation reserve

This reserve represents exchange differences relating to the translation of the net assets of the group's foreign operations from their functional currency into the group's functional currency.

Retained earnings

This reserve represents cumulative profits and losses of the group.

ALIXPARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2017 (continued)

1 ACCOUNTING POLICIES (continued)

Critical accounting judgements and key sources of estimation uncertainty

(a) Critical judgements in applying the Group's accounting policy

In the process of applying the Group's accounting policies which are described above, management has made a significant judgement on the accounting treatment of investments where the Group owns more than 20% of the ordinary shares of another company. Management has not had to make any further significant judgements on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

Investments in subsidiaries and calculation of goodwill and intangible assets.

The Company determines whether investments in subsidiaries are impaired at least on an annual basis and measures the recoverable amount of the investments whenever there is an indication that the investments may be impaired. This requires an estimation of the value in use of the investments. Estimating the value in use requires the Company to make an estimate of the expected future cashflow from the subsidiaries 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 Group's statement of financial position comprise a relatively small number of large balances. The provisions are determined based on the management specific reviews and assessment of the collectability of the amounts recorded as receivable from clients. 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.

Accrued income provisions

The accrued income balances recorded in the Group's statement of financial position comprise a relatively small number of large balances. The provision is determined based on specific identification plus an estimate for amounts that have not been specifically identified that is based on a rolling twelve-month historical average of realisation adjustments, which management reviews on a regular basis. 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.

2 REVENUE

Revenue has been derived from the Group's principal activity. The Group's revenue is derived from the UK 26% (2016: 33%), continental Europe 56% (2016: 43%) and the rest of the world 18% (2016: 24%).

Included in revenue are amounts of approximately £12.1m (2016: £17.3m) arising on sales to the Group's largest customer.

ALIXPARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2017 (continued)

3 OPERATING PROFIT

	2017	2016
	£'000	£'000
Operating profit is stated after charging/(crediting):		
Operating leases, property rental	5,675	5,960
Depreciation of property, plant and equipment	2,200	2,421
Impairment reversal of property, plant and equipment	-	(1,688)
Amortisation of intangible assets	1,140	2,650
Auditor's remuneration – audit fees (Parent Company and consolidation)	74	25
Auditor's remuneration – audit of company's subsidiaries	118	94
Auditor's remuneration – tax compliance	25	15
Share option charge	6,771	6,381
Exchange differences	(2,011)	13,102
Loss on disposal of property, plant and equipment	3	1,170
Staff costs excluding share option charge	162,099	136,423

4 INVESTMENT REVENUE

	2017	2016
	£'000	£'000
Bank interest	75	-

5 FINANCE COSTS

	2017	2016
	£'000	£'000
Interest on loan from parent company	4,296	4,124
Other interest	832	823
	5,128	4,947

ALIXPARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2017 (continued)

6 TAXATION

Analysis of charge for the year	2017	2016
Current tax expense:	£'000	£'000
UK corporation tax	2,916	492
Foreign tax	4,592	4,569
Foreign tax relief	(848)	-
Adjustment in respect of previous years	82	(12)
	<u>6,742</u>	<u>5,049</u>
Deferred tax income:		
(Charge)/credit for the year	(181)	50
Under provision in respect of previous years	2	(3)
Total deferred tax	<u>(179)</u>	<u>47</u>
Total tax expense	<u>6,563</u>	<u>5,096</u>
Factors affecting the tax charge for the year	2017	2016
	£'000	£'000
The tax assessment for the year is higher than the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:		
Profit before tax	<u>58,847</u>	<u>19,126</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.25% (2016: 20%).	11,328	3,825
Effects of:		
Expenses not deductible for tax purposes	915	791
Effect of local production tax	432	316
Tax effect of unrecognised deferred tax assets	-	279
Utilisation of tax losses brought forward	(1,317)	-
Unrelieved tax losses carried forward	141	2,245
Differences in taxation rates	1,187	1,141
Tax underprovided in previous years	44	(12)
Other temporary differences	(174)	50
Minority interest taxable on members personally	<u>(5,993)</u>	<u>(3,539)</u>
Effective tax charge	<u>6,563</u>	<u>5,096</u>

7 PARENT COMPANY

The Company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these Financial Statements. The Parent Company's profit for the year amounted to £5.6m (2016: loss £23.6m).

ALIXPARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2017 (continued)

8 GOODWILL – GROUP

	2017	2016
	£'000	£'000
Cost		
At 1 January	61,348	61,410
Disposals	-	(62)
At 31 December	<u>61,348</u>	<u>61,348</u>
Impairment		
At 1 January and 31 December	<u>5,536</u>	<u>5,536</u>
Net book value		
At 31 December	<u>55,812</u>	<u>55,812</u>

The carrying amount of goodwill allocated to each identified cash generating unit is:

	2017	2016
	£'000	£'000
United Kingdom	38,856	38,856
Germany	13,583	13,583
France	3,373	3,373
Italy	-	-
	<u>55,812</u>	<u>55,812</u>

Each subsidiary undertaking was reviewed for impairment at 31 December 2017 by looking at the 5 year future cash flow projections discounted at 15% (2016: 15%). The recoverable amount for France, Germany and the UK was estimated to be in excess of the goodwill arising on their acquisition.

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

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 2018 using an assumed annual growth rate of nil beyond 2018 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 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. A 1% reduction in growth rate in forecast cash flows and a 1% increase in the discount rate applied would have no impact on carrying values. 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. An 8% increase in the rate used would result in the carrying value being equal to the recoverable value.

ALIXPARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2017 (continued)

8 GOODWILL – GROUP (continued)

NPV calculations have been run under several scenarios including change in WACC, change in growth rates and change in period of forecasts, to test the 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 - GROUP

Customer Lists	2017 £'000	2016 £'000
Cost		
At 1 January and 31 December	8,027	8,027
Amortisation		
At 1 January	6,305	3,655
Charge for the year	1,140	2,650
At 31 December	7,445	6,305
Net book value		
At 31 December	582	1,722

The Customer Lists will be fully amortised January 2020.

10 TRADE AND OTHER RECEIVABLES RECEIVABLE AFTER MORE THAN ONE YEAR

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Amounts owed by Group undertakings	-	-	64,541	68,124
Other receivables	(5)	68	-	-
Amounts due to related parties	257	222	-	-
	<u>252</u>	<u>290</u>	<u>64,541</u>	<u>68,124</u>

The Company amounts owed by Group undertakings includes an intercompany facility for \$71,293,362 (2016: \$64,898,939) with interest charged at a rate of 4% +LIBOR p.a., which is due for repayment on 1 January 2026. The facility is unsecured.

ALIXPARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2017 (continued)

11 PROPERTY, PLANT AND EQUIPMENT – GROUP

	Leasehold improvements	Fixtures fittings and equipment	Computer equipment	Assets in course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2016	5,168	3,006	6,070	344	14,588
Additions	2,503	802	1,832	175	5,312
Transfer of assets in course of construction	72	-	-	(72)	-
Disposals	(3,815)	(1,111)	(1,580)	(45)	(6,551)
Foreign currency adjustment	245	274	315	(125)	709
At 31 December 2016	4,173	2,971	6,637	277	14,058
Additions	132	263	510	137	1,042
Transfer of assets in course of construction	-	-	277	(277)	-
Disposals	(259)	(53)	(367)	-	(679)
Foreign currency adjustment	101	55	44	-	200
At 31 December 2017	4,147	3,236	7,101	137	14,621
Depreciation					
At 1 January 2016	4,817	2,447	4,452	-	11,716
Charge for the year	625	271	1,525	-	2,421
Impairment losses	(1,146)	(542)	-	-	(1,688)
Arising on disposals	(2,793)	(708)	(1,880)	-	(5,381)
Foreign currency adjustment	193	204	122	-	519
At 31 December 2016	1,696	1,672	4,219	-	7,587
Charge for the year	507	243	1,450	-	2,200
Arising on disposals	(259)	(51)	(366)	-	(676)
Foreign currency adjustment	91	35	34	-	160
At 31 December 2017	2,035	1,899	5,337	-	9,271
Net book value					
At 31 December 2017	2,112	1,337	1,764	137	5,350
At 31 December 2016	2,477	1,299	2,418	277	6,471

No assets are secured.

ALIXPARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2017 (continued)

11 PROPERTY, PLANT AND EQUIPMENT – COMPANY

	Leasehold improvements	Fixtures fittings and equipment	Computer equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2016	3,363	52	28	3,443
Additions	2,287	20	65	2,372
Disposals	(3,231)	-	-	(3,231)
At 31 December 2016	2,419	72	93	2,584
Additions	16	-	-	16
At 31 December 2017	2,435	72	93	2,600
Depreciation				
At 1 January 2016	3,290	-	3	3,293
Charge for the year	471	9	31	511
Impairment reversal	(906)	-	-	(906)
Disposals	(2,550)	-	-	(2,550)
At 31 December 2016	305	9	34	348
Charge for the year	408	9	31	448
At 31 December 2017	713	18	65	796
Net book value				
At 31 December 2017	1,722	54	28	1,804
At 31 December 2016	2,114	63	59	2,236

No assets are secured.

ALIXPARTNERS LIMITED
NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2017 (continued)
12 INVESTMENTS
COMPANY

	2017 £'000	2016 £'000
Cost		
At 1 January	44,558	54,806
Capital reduction	-	(10,248)
At 31 December	<u>44,558</u>	<u>44,558</u>
Impairment		
At 1 January and December	<u>22,177</u>	<u>22,177</u>
Net book value		
At 31 December	<u>22,381</u>	<u>22,381</u>

The principal subsidiary undertakings included in the consolidated accounts are:

	Country of incorporation	Proportion of ordinary capital held	Nature of business
AlixPartners SAS	France	100%	Consultancy
AlixPartners GmbH	Germany	100%	Consultancy
AlixPartners SRL	Italy	100%	Consultancy
AlixPartners UK LLP	UK	99%	Consultancy
AlixPartners Services UK LLP	UK	55%	Consultancy
AlixPartners Corporate Finance Limited	UK	100%	Consultancy
AlixPartners SV Ukraine Limited	UK	100%	Consultancy
AlixPartners Ukraine LLC	Ukraine	1%	Consultancy

13 TRADE AND OTHER RECEIVABLES RECEIVABLE WITHIN ONE YEAR

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Trade receivables	59,978	57,443	790	446
Trade receivables – provision	<u>(5,167)</u>	<u>(8,837)</u>	-	<u>(63)</u>
Trade receivables net	54,811	48,606	790	383
Amounts owed by Group undertakings	57,229	43,033	12,476	8,721
Taxation and social security	-	-	95	-
Other receivables	3,785	698	25	(13)
Corporation tax	-	1,564	-	999
Prepayments	2,705	2,508	(10)	693
Amounts recoverable on contracts	<u>13,734</u>	<u>14,396</u>	<u>743</u>	<u>273</u>
	<u>132,264</u>	<u>110,805</u>	<u>14,119</u>	<u>11,056</u>

ALIXPARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2017 (continued)

13 TRADE AND OTHER RECEIVABLES RECEIVABLE WITHIN ONE YEAR (continued)

Included in other receivables are rent deposits of £0.5m (2016: £0.3m) repayable after more than one year.

The analysis of unsecured trade receivables that were past due but not impaired is as follows:

	Total	Neither past due nor impaired	Past due but not impaired		
			< 60 days	60-120 days	> 120 days
	£'000	£'000	£'000	£'000	£'000
As at 31 December 2017					
Trade receivables	59,978	25,759	14,575	12,109	7,535
Trade receivables – provision	(5,167)	-	-	-	(5,167)
	<u>54,811</u>	<u>25,759</u>	<u>14,575</u>	<u>12,109</u>	<u>2,368</u>
As at 31 December 2016					
Trade receivables	57,443	22,498	12,320	11,273	11,352
Trade receivables – provision	(8,837)	-	-	-	(8,837)
	<u>48,606</u>	<u>22,498</u>	<u>12,320</u>	<u>11,273</u>	<u>2,515</u>

The Company unsecured trade receivables past due but not impaired were £0.7m (2016: £0.1m).

Movement on the provision for trade receivables are as follows:

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
As at 1 January	8,837	9,271	63	-
Provision in year	1,973	4,984	-	63
Receivables written off	(4,259)	(566)	-	-
Unused amounts released	(1,384)	(4,852)	(63)	-
At 31 December	<u>5,167</u>	<u>8,837</u>	<u>-</u>	<u>63</u>

Included within trade receivables is £nil (2016: £1.1m) due from the Group'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.

ALIXPARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2017 (continued)

14 CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement can be reconciled to the related items in the balance sheet as follows:

GROUP	2017 £'000	2016 £'000
Cash at bank and in hand	55,142	30,762
	<hr/>	<hr/>
COMPANY	2017 £'000	2016 £'000
Cash at bank and in hand	728	1,059
	<hr/>	<hr/>

15 TRADE AND OTHER PAYABLES DUE WITHIN ONE YEAR

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Trade payables	4,049	2,344	17	105
Due to Group companies	38,338	17,233	30,441	35,706
Corporation tax	1,014	-	1,059	-
Taxation and other social security	17,221	15,604	166	159
Accruals and deferred income	28,342	26,443	1,083	398
Amounts due to related parties	4,269	3,663	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	93,233	65,287	32,766	36,368

	Total	On time	Past due		
			< 60 days	60-120 days	> 120 days
As at 31 December 2017	£'000	£'000	£'000	£'000	£'000
Trade payables	4,049	2,039	972	813	225
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December 2016	£'000	£'000	£'000	£'000	£'000
Trade payables	2,344	1,811	498	41	(6)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

ALIXPARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2017 (continued)

15 TRADE AND OTHER PAYABLES DUE WITHIN ONE YEAR (continued)

The amounts due to the Group undertakings are interest free, unsecured and have no fixed terms of repayment but are not due for repayment until the Company's and Group's resources permit.

16 TRADE AND OTHER PAYABLES DUE AFTER MORE THAN ONE YEAR

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Discount note due to Group undertaking	82,797	86,276	82,797	86,276
Accruals and deferred income	1,389	1,591	1,308	1,267
Amounts due to related parties	2,745	5,509	-	-
	<u>86,931</u>	<u>93,376</u>	<u>84,105</u>	<u>87,543</u>

Effective 1 January 2016 the Company issued a \$105,877,639 unsecured loan note in the form of a discount note to AlixPartners Finance Company, LLC.

The new discount note is discounted at 5.25% p.a. and is due for repayment by 1 Jan 2026.

17 PROVISIONS FOR LIABILITIES AND CHARGES

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
At 1 January	4,046	5,991	979	2,853
Additional provision in the year	774	1,259	39	986
Provision released in the year	(150)	(360)	-	(16)
Utilisation of provision	(784)	(2,844)	-	(2,844)
At 31 December	<u>3,886</u>	<u>4,046</u>	<u>1,018</u>	<u>979</u>

The gross provision includes £1.3m (2016: £1.2m) for the expected rectification costs to be incurred on cessation of the UK leasehold property agreement. The rectification costs are expected to be incurred between 2018 and 2026.

Litigation provisions have been set up to cover legal and administrative proceedings that arise in the ordinary course of business. These provisions concern numerous cases whose detailed disclosure could seriously prejudice the interests of the Group. Reversal of such provisions refers to cases resolved in favour of the Group. The timing of cash outflows of litigation provisions is uncertain as it depends upon the outcome of the proceedings. These provisions are therefore not discounted because their present value would not represent meaningful information. Management does not believe it is possible to make assumptions on the evolution of the cases beyond the balance sheet date.

ALIXPARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2017 (continued)

18 DEFERRED TAXATION

The main rate of corporation tax rate will be 19% (19%) from 1 April 2018 (2017). The change was substantively enacted by the balance sheet date, therefore this rate has been reflected in these financial statements.

The deferred tax included in the balance sheet is as follows:	2017	2016
Group	£'000	£'000
Deferred tax at 1 January	<u>395</u>	<u>442</u>
Adjustment due to change in UK corporation tax rate	(3)	3
Change in deferred tax concerning the profit/(loss) for the year	<u>182</u>	<u>(50)</u>
Deferred tax at 31 December	<u>574</u>	<u>395</u>
Company	2017	2016
	£'000	£'000
Deferred tax at 1 January	<u>(61)</u>	<u>(14)</u>
Adjusted deferred tax at 1 January	(61)	(14)
Adjustment due to change in UK corporation tax rate	-	3
Change in deferred tax concerning the loss for the year	<u>42</u>	<u>(50)</u>
Deferred tax at 31 December	<u>(19)</u>	<u>(61)</u>
Deferred tax assets have not been recognised in respect of the following items:	Group	Group
	2017	2016
	£'000	£'000
Accelerated depreciation	197	323
Tax losses	<u>3,956</u>	<u>6,011</u>
	<u>4,153</u>	<u>6,334</u>

The deferred tax asset has not been recognised due to the uncertainty of utilisation of these losses.

ALIXPARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2017 (continued)

19 ORDINARY SHARES

	2017 £	2016 £
Allotted and fully paid		
100 ordinary shares of £1 each		
(2016: 100 ordinary shares of £1 each)	100	100
	<u>100</u>	<u>100</u>

20 FINANCIAL COMMITMENTS

The Group and Company has no finance leases.

At 31 December the annual commitments under non-cancellable operating leases as follows:

Group

	Land and buildings	
	2017 £'000	2016 £'000
Expiry date:		
Within one year	4,595	4,410
Between two and five years	18,063	12,427
Over five years	7,630	2,546
	<u>30,288</u>	<u>19,383</u>

Company

	Land and buildings	
	2017 £'000	2016 £'000
Expiry date:		
Within one year	2,883	2,278
Between two and five years	10,249	8,996
Over five years	-	1,085
	<u>13,132</u>	<u>12,359</u>

ALIXPARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2017 (continued)

21 EMPLOYEES

Number of employees

The average number of persons (including Directors) employed during the year was 597 (2016: 598) classified as follows:

Category:	2017 No.	2016 No.
Consultants	443	454
Administration	154	144
	<u>597</u>	<u>598</u>
Employment costs	2017 £'000	2016 £'000
Wages and salaries	149,216	127,192
Social security costs	16,303	12,585
Pensions	3,351	3,028
	<u>168,870</u>	<u>142,805</u>
Directors' emoluments	2017 £'000	2016 £'000
Emoluments for qualifying services	3,320	2,584
	<u>3,320</u>	<u>2,584</u>
Emoluments paid to the highest paid director	2,384	2,230
	<u>2,384</u>	<u>2,230</u>

During the year pension contributions of £3,077 (2016: £7,061) and share based payments of £nil (2016: £nil) were made to Directors for qualifying services. Key management personnel are deemed to be the Directors of the Company and payments made to them during the year are detailed in the Directors' emoluments above.

22 PENSION COSTS

The Group offers employees a choice of defined contribution personal pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost represents contributions payable by the Group to the funds and amounted to £3.4m (2016: £3.0m). Contributions totalling £0.1m (2016: £0.4) were payable to the funds at the year-end and are included in trade and other payables.

23 SHARE BASED PAYMENTS

2012 and 2017 LLP Interest and Option Plan

AlixPartners Holdings, LLP (the "Partnership") established 2012 and 2017 LLP Interest and Option Plans to provide long-term incentives to certain of the LLP's Members' and staff, by providing incentives through the granting of Common Interests, Common Options, CUP Options or OPI Options. The majority of these awards vest ratably over three or five years, and the options have no exercise price and a maximum 10-year exercise period. The exercise period is subject to the terms of the individual award agreements.

ALIXPARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2017 (continued)

23 SHARE BASED PAYMENTS (Continued)

During 2013, the Partnership awarded CUPI Options to the Group's Members' and staff, with the intent that the participants, with continued service, would be rewarded in the event the Partnership is sold or an initial public offering occurs. The awards vest as of the first date on which both a service-based time condition and a liquidity event condition are met. The time condition is either a ratable three or five year service period, beginning on the award date. The provisions of the awards include a clawback feature, which allows both vested and unvested awards to be clawed back by the Partnership under subjective circumstances. The clawback feature expires on the earlier of the Managing Director's termination of employment or communication to the Managing Director that the clawback feature has expired. The liquidity event condition is defined as a sale of the Partnership or 180 days after an initial public offering. Furthermore, CUPI Options have no exercise price and a 10-year term.

The Partnership awards CUPI Options and OPI options to the LLP's Members and staff, which vest ratably over a three or five year service period, beginning on the date of the award. The provisions of the awards may include a clawback feature, which allows both vested and unvested awards to be clawed back by the Partnership under subjective circumstances. The clawback feature expires on the earlier of the Managing Director's termination of employment or communication to the Managing Director that the clawback feature has expired. The CUPI Options and OPI Options have no exercise price and a 10-year term.

During 2017, as part of the Investor Transaction, the Parent awarded CUPI Options which are subject to performance vesting conditions ("Performance CUPI Options"). The terms of the performance conditions state that the Parent must meet certain financial metrics. The provisions of the awards include a clawback feature, which allows both vested and unvested awards to be clawed back by the Parent under subjective circumstances. The clawback feature expires on the earlier of the Member's termination of employment or communication to the Member that the clawback feature has expired. The Performance CUPI Options have no exercise price and a maximum 10-year exercise period. The exercise period is subject to the terms of the individual award agreements.

Rollover LLP Interest and Option Plan

In connection with a previous merger agreement, the Parent established the Rollover LLP Interest and Option Plan (the "Rollover Plan") to govern the rights and restrictions of unvested Common Interests and unvested Common Options that were issued in exchange for predecessor entity Interests and Options. The unvested predecessor entity Interests and Options were exchanged at fair value for unvested Common Interests or unvested Common Options at a conversion value of \$1 per Common Interest. The unvested Common Interests and unvested Common Options vest over the same remaining service period as the original award (e.g., ratably over 6 months to 5 years) and the Common Options have no exercise price and a 10-year term. The exercise period is subject to the terms of the individual award agreements. No other Common Interests or Common Options may be granted under the Rollover Plan.

Common Interests and Common Options that were issued in exchange for predecessor entity Interests and Options vest ratably over a five year service period, beginning on the date of the original award, subject to the achievement of annual performance goals which, generally, vary on an individual-by-individual basis and are subjective in nature. The Common Options have no exercise price and a 10-year term. No compensation expense was recognised in the financial statements related to these awards as the service period for accounting purposes has not been established until the future annual performance goals are communicated to the holders of these awards.

ALIXPARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2017 (continued)

23 SHARE BASED PAYMENTS (Continued)

The charge to the statement of comprehensive income is apportioned for the period those granted options were employees or members of the Group and for the year is £6.8m (2016: £6.4m).

The Interests and Options under the plans, which are equity-based compensation and liability-based compensation awards, are accounted for in accordance with the fair value provisions of IFRS2.

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

Under this methodology, Common Interests, Common Options, CUP! Options, OPI Options, (collectively "Interests") are modelled as having distinct claims on the assets of the Partnership. Valuations are performed in order to estimate the fair value of Interests granted. The expected term of the Interests reflects the period during which the Interests are expected to be restricted. The expected volatilities are developed using expected historical volatilities of similar publicly traded companies.

The risk-free rate is based on U.S. Treasury zero-coupon yield curves with a remaining term equivalent to the expected time period until a liquidity event (i.e., sale of the business or initial public offering). The discount for post-vesting restrictions was 27% (2016: 19%).

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

	Year Ended 31 December 2017	Year Ended 31 December 2016
Expected term	9.17 years	2.78 years
Expected volatility	45%	50%
Expected dividend yield	0.00%	0.00%
Risk-free rate	2.34%	0.97%

In concert with the Investor Transaction, the Parent established the AlixPartners Equity Exchange ("APEX") program. As part of this program, the Parent may propose to offer, from time to time, to buy back equity from eligible MDs, subject to certain restrictions. The APEX program also defines circumstances under which the Parent will repurchase MD equity upon qualifying terminations. The repurchase price will be the average of the fair market values at different dates before and/or after the date of purchase, and payments will be made in installments over the following 12 to 16 calendar quarters following the date of purchase as defined in the APEX agreement.

After a participant's termination and subject to meeting qualification requirements, the participant may tender their awards to the Parent. Payment for the repurchase will occur in instalments under the terms of the APEX agreement. Alternatively, the Parent may repurchase a participant's awards upon the later of six months and one day following vesting of an award or 60 days after the participant's termination under the terms of the Equityholders' Agreements. Additionally, the LLP Interests contain certain repurchase provisions that could result in an award being settled for cash at less than fair value in the event of certain types of termination scenarios. LLP Interests that, based on AlixPartners Holdings' estimates, are expected to be repurchased by AlixPartners Holdings at below fair value are accounted for as liability-based compensation awards, which are marked to fair value at each reporting period until settlement, with the changes in fair value recorded in the consolidated statements of operations. The liability associated with such LLP Interests at December 31 2017 and December 31, 2016 was de minimis. The weighted average remaining contractual life of the options at the end of the year was 9.30 years (2016: 6.55 years).

ALIXPARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2017 (continued)

23 SHARE BASED PAYMENTS (Continued)

Key information regarding the 2012 and 2017 Plan and Rollover Plan during the year ended 31 December 2017 is set out below:

Class	Date of grant of options	The Scheme at beginning of financial period	Granted during the financial period	Forfeited during the financial period	Repurchased during the financial period	Exercised during the financial period	At end of financial period	Price at grant date	Fair value per share
Common LLP Interests	29 June 2012	10,905,005	-	-	(10,854,379)	-	50,626	\$0.70	\$0.70
Common LLP Options	29 June 2012	4,250,832	-	-	(3,830,349)	-	420,483	\$0.70	\$0.70
Common LLP Options	09 August 2012	3,887,000	-	-	(3,016,000)	-	871,000	\$0.70	\$0.70
Common LLP Options	01 March 2013	2,980,129	-	-	(2,311,627)	-	668,502	\$0.81	\$0.81
Common LLP Options	31 March 2014	2,980,129	-	-	(2,222,558)	-	757,571	\$0.82	\$0.82
Common LLP Options	31 March 2015	2,980,129	-	-	(2,107,369)	-	872,760	\$1.03	\$1.03
Common LLP Options	31 March 2016	529,586	-	-	(20,994)	-	508,592	\$1.13	\$1.13
Options to purchase									
Catch-up Profits Interests	29 June 2012	3,483,000	-	-	(1,316,513)	-	2,166,487	\$0.53	\$0.53
Options to purchase									
Catch-up Profits Interests	05 April 2013	2,706,424	-	-	(817,918)	-	1,888,506	\$0.61	\$0.61
Options to purchase									
Catch-up Profits Interests	21 April 2014	3,531,532	-	(72,072)	(893,381)	-	2,566,079	\$0.61	\$0.61
Options to purchase									
Catch-up Profits Interests	10 April 2015	3,276,959	-	(84,558)	(322,530)	-	2,869,871	\$0.73	\$0.73
Options to purchase									
Catch-up Profits Interests	18 April 2016	2,875,919	-	(87,593)	-	-	2,788,326	\$0.74	\$0.74
Options to purchase									
Catch-up Profits Interests	25 May 2016	288,318	-	-	-	-	288,318	\$0.74	\$0.74
Options to purchase									
Catch-up Profits Interests	14 February 2017	-	6,960,947	(282,065)	-	-	6,678,882	\$2.48	\$2.48
Options to purchase									
Catch-up Profits Interests	5 April 2017	-	2,487,614	(136,138)	-	-	2,351,476	\$1.12	\$1.12
Options to purchase									
Ordinary Profit Interests	29 June 2012	3,468,200	-	(24,000)	(288,159)	-	3,156,041	\$0.36	\$0.36
Options to purchase									
Ordinary Profit Interests	05 April 2013	150,000	-	-	(54,392)	-	95,608	\$0.42	\$0.42
Options to purchase									
Ordinary Profit Interests	21 May 2013	150,000	-	(80,000)	(90,000)	-	-	\$0.42	\$0.42
Options to purchase									
Ordinary Profit Interests	11 December 2013	650,000	-	(30,000)	(302,052)	-	317,948	\$0.38	\$0.38
Options to purchase									
Ordinary Profit Interests	21 April 2014	675,675	-	-	(66,543)	-	609,132	\$0.40	\$0.40
Options to purchase									
Ordinary Profit Interests	15 October 2014	260,564	-	-	(112,677)	-	147,887	\$0.47	\$0.47
Options to purchase									
Ordinary Profit Interests	10 April 2015	441,180	-	(88,236)	(22,059)	-	330,885	\$0.41	\$0.41
Options to purchase									
Ordinary Profit Interests	29 October 2015	141,732	-	-	(23,622)	-	118,110	\$0.37	\$0.37
Options to purchase									
Ordinary Profit Interests	18 April 2016	437,960	-	-	-	-	437,960	\$0.36	\$0.36
Options to purchase									
Ordinary Profit Interests	14 February 2017	-	708,398	-	-	-	708,398	\$2.48	\$2.48
Options to purchase									
Ordinary Profit Interests	5 April 2017	-	1,113,857	(74,257)	-	-	1,039,600	\$0.82	\$0.82
Options to purchase									
Ordinary Profit Interests	26 October 2017	-	72,816	-	-	-	72,816	\$0.85	\$0.85
		51,050,273	11,343,632	(938,919)	(28,673,122)	-	32,781,864		

ALIXPARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2017 (continued)

24 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 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.

25 RELATED PARTY TRANSACTIONS

Group

Intercompany costs and revenues are for the provision of professional services between group undertakings.

Transactions with fellow group companies for the year ended 31 December 2017 are:

	Cost 2017 £'000	Revenue 2017 £'000	Receivable/(payable) at 2017 £'000
AP Services, LLC	-	2,214	2,799
AlixPartners (Shanghai) Business Advisory Services Ltd	123	101	1,320
AlixPartners Hong Kong Limited	12	1,512	2,335
AlixPartners Canada Inc	-	1	62
AlixPartners Asia, LLC	1	5,552	12,907
AlixPartners LLC (California)	178	4,376	3,981
System Advisory Group, LLC	-	-	10
AlixPartners Finance Company	-	-	(82,796)
AlixPartners International, LLC	-	6,673	17,608
AlixPartners Argentina SRL	124	280	(121)
AlixPartners International, Inc (S Korea Branch)	44	30	461
AlixPartners Holdings	-	-	(7,736)
AlixPartners International, Inc	-	685	1,507
AlixPartners Forensic Services, LLC	-	-	12
AlixPartners International, Inc (Puerto Rico Branch)	-	-	106
AlixPartners Evidence Exchange	-	-	2
AlixPartners LLC	8,496	17,365	(16,361)
	8,978	38,789	(63,904)

ALIXPARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2017 (continued)

25 RELATED PARTY TRANSACTIONS (continued)

Transactions with fellow group companies for the year ended 31 December 2016 are:

	Cost 2016 £'000	Revenue 2016 £'000	Receivable/(payable) at 2016 £'000
AP Services, LLC	-	1,227	519
AlixPartners (Shanghai) Business Advisory Services Ltd	88	4	941
AlixPartners Hong Kong Limited	46	326	633
AlixPartners Canada Inc	-	6	61
AlixPartners Asia, LLC	-	3,379	7,689
AlixPartners LLC (California)	1,427	3,612	3,227
System Advisory Group, LLC	-	-	11
AlixPartners Finance Company	-	-	(86,276)
AlixPartners International, LLC	-	7,528	13,991
AlixPartners Argentina SRL	142	28	(242)
AlixPartners International, Inc (S Korea Branch)	7	1	80
AlixPartners Holdings	-	-	589
AlixPartners International, Inc	-	169	1,750
AlixPartners Forensic Services, LLC	-	-	12
AlixPartners International, Inc (Puerto Rico Branch)	-	-	108
AlixPartners Evidence Exchange	-	1	2
AlixPartners LLC	5,449	16,015	(3,571)
	7,159	32,296	(60,476)

Additional transactions with AlixPartners, LLC not included above are:

	2017 £'000	2016 £'000
Group administration charges	18,226	15,709
Royalty payments	11,377	7,364

Company

Interest of £4.3m was payable by the company to AlixPartners Finance Co. (2016: £4.1m).

ALIXPARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2017 (continued)

25 RELATED PARTY TRANSACTIONS (continued)

Company

Transactions with fellow group companies for the period ended 31 December 2017 are:

	Cost 2017 £'000	Revenue 2017 £'000	Receivable/(payable) at 2017 £'000
AlixPartners UK LLP	358	248	9,393
AlixPartners Corporate Finance Ltd	-	-	(2,191)
AlixPartners SAS	268	124	(264)
AlixPartners Finance Company	-	-	(82,797)
AlixPartners GmbH	450	64	(723)
AlixPartners, LLC	369	2,560	12,889
AlixPartners SRL	1,349	-	(1,696)
AlixPartners, LLC (California)	-	460	567
AlixPartners Argentina SRL	-	-	(10)
AlixPartners International, LLC	-	2,186	1,097
AlixPartners Services UK LLP	9	-	27,625
AlixPartners Holdings LLP	-	-	(27)
AlixPartners SV Ukraine Limited	-	-	227
AlixPartners Ukraine LLC	1	-	(309)
	2,804	5,642	(36,219)

Transactions with fellow group companies for the period ended 31 December 2016 are:

	Cost 2016 £'000	Revenue 2016 £'000	Receivable/(payable) at 2016 £'000
AlixPartners UK LLP	432	371	7,725
AlixPartners Corporate Finance Ltd	-	-	(2,197)
AlixPartners SAS	3	607	29
AlixPartners Finance Company	-	-	(86,276)
AlixPartners GmbH	186	495	(353)
AlixPartners, LLC	421	1,685	12,416
AlixPartners SRL	81	16	(295)
AlixPartners, LLC (California)	-	-	27
AlixPartners Argentina SRL	-	179	(10)
AlixPartners International, LLC	-	1,490	941
AlixPartners Services UK LLP	14	-	22,856
	1,137	4,843	(45,137)

Intercompany costs and revenues are for the provision of professional services between group undertakings.

26 FINANCIAL INSTRUMENTS

Risk management is integral to the business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. This section provides details of the Group's exposure to financial risks and describes the methods used by management to control such risk.

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are

ALIXPARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2017 (continued)

26 FINANCIAL INSTRUMENTS (continued)

recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

The Group's financial instruments comprise cash and various items, such as trade receivables and trade payables that arise directly from its operations.

The Group does not trade in derivative financial instruments.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty in settling their financial and contractual obligations to the Group, as and when they fall due.

The Group's primary exposure to credit risk relates to the financial assets of the Group including cash and deposits that are placed with financial institutions which are regulated.

The carrying amount of the Group's financial assets represents its maximum exposure to credit risk.

Liquidity risk

It is the Group's policy to finance its business through working capital. Requirements to implement the Group's business plan are kept under regular review by the Board. The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and to mitigate the effects of fluctuations in its cash flows. Cash not required for immediate operations is placed on deposit but can be drawn down by the Group at any time. The Group had no external borrowings at the year-end.

The maturity profile of the Group's financial liabilities was as follows:

	Total	On demand	< 3 months	3-12 months	1-5 years
	£'000	£'000	£'000	£'000	£'000
As at 31 December 2017					
Trade and other payables	(180,164)	-	(92,195)	(1,038)	(86,931)
	<u>(180,164)</u>	<u>-</u>	<u>(92,195)</u>	<u>(1,038)</u>	<u>(86,931)</u>
As at 31 December 2016					
Trade and other payables	(158,663)	-	(65,251)	(36)	(93,376)
	<u>(158,663)</u>	<u>-</u>	<u>(65,251)</u>	<u>(36)</u>	<u>(93,376)</u>

Currency risk

The Group's activities are principally conducted in GBP, EUR and USD. Transactions with the Parent Company are GBP denominated. Foreign exchange risk arises from income received in these currencies together with a limited amount of exposure to costs payable. The Group does not use any forward contracts to hedge its exposure to foreign currency risks.

The Company is exposed to foreign currency fluctuations arising on translation of its foreign subsidiaries, as well as its foreign denominated financial assets and liabilities recorded within the operational Company.

Some of the Group's assets and liabilities are denominated in Euros and US Dollars.

ALIXPARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2017 (continued)

26 FINANCIAL INSTRUMENTS (continued)

The Group's exposure to foreign currency exchange rate risk at 31 December 2017 was:

	EUR £'000	USD £'000	GBP £'000	Total £'000
Assets				
Trade and other receivables	45,218	14,610	72,688	132,516
Cash and cash equivalents	26,094	7	29,041	55,142
	<u>71,312</u>	<u>14,617</u>	<u>101,729</u>	<u>187,658</u>
Liabilities				
Trade and other payables	<u>32,950</u>	<u>82,797</u>	<u>64,417</u>	<u>180,164</u>

The Group's exposure to foreign currency exchange rate risk at 31 December 2016 was:

	EUR £'000	USD £'000	GBP £'000	Total £'000
Assets				
Trade and other receivables	36,944	19,451	54,700	111,095
Cash and cash equivalents	14,951	177	15,634	30,762
	<u>51,895</u>	<u>19,628</u>	<u>70,334</u>	<u>141,857</u>
Liabilities				
Trade and other payables	<u>27,773</u>	<u>90,194</u>	<u>40,696</u>	<u>158,663</u>

The following table demonstrates the estimated sensitivity of post-tax profit and net assets to an increase/(decrease) in the exchange rate, assuming all other variables are held constant.

	2017 £'000	2016 £'000
GBP/EUR up 10%	(2,858)	(2,289)
GBP/EUR down 10%	2,858	2,289
GBP/EUR up 20%	(5,716)	(4,579)
GBP/EUR down 20%	5,716	4,579
GBP/USD up 10%	(6,817)	(7,056)
GBP/USD down 10%	6,817	7,056
GBP/USD up 20%	(13,636)	(14,113)
GBP/USD down 20%	13,636	14,113

A number of the Company's assets and liabilities are denominated in Euros and USD.

ALIXPARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2017 (continued)

26 FINANCIAL INSTRUMENTS (continued)

The Company's exposure to foreign currency exchange rate risk at 31 December 2017 was:

	EUR £'000	USD £'000	GBP £'000	Total £'000
Assets				
Trade and other receivables	157	11,698	66,805	78,660
Cash and cash equivalents	-	7	721	728
	<u>157</u>	<u>11,705</u>	<u>67,526</u>	<u>79,388</u>
Liabilities				
Trade and other payables	-	82,797	34,074	116,871

The Company's exposure to foreign currency exchange rate risk at 31 December 2016 was:

	EUR £'000	USD £'000	GBP £'000	Total £'000
Assets				
Trade and other receivables	-	12,830	66,350	79,180
Cash and cash equivalents	-	177	882	1,059
	<u>-</u>	<u>13,007</u>	<u>67,232</u>	<u>80,239</u>
Liabilities				
Trade and other payables	-	90,194	33,717	123,911

The following table demonstrates the estimated sensitivity of post-tax profit and net assets to an increase/(decrease) in the exchange rate, assuming all other variables are held constant.

	2017 £'000	2016 £'000
GBP/EUR up 10%	(13)	(16)
GBP/EUR down 10%	13	16
GBP/EUR up 20%	(26)	(33)
GBP/EUR down 20%	26	33
GBP/USD up 10%	(7,109)	(7,719)
GBP/USD down 10%	7,109	7,719
GBP/USD up 20%	(14,218)	(15,437)
GBP/USD down 20%	14,218	15,437

Capital risk management

The Group's and Company's objectives when managing capital are to safeguard its ability to continue as a going concern so that it may continue to provide returns for shareholders and benefits for other stakeholders. The focus of the Group's and Company's capital risk management is the current working capital position against the requirements of the Group to meet investment programmes and corporate overheads. This is monitored at the consolidated level of the immediate parent.

ALIXPARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2017 (continued)

26 FINANCIAL INSTRUMENTS (continued)

The Group's policy is to keep the ratio below 4.9. The Group monitors capital using a ratio of 'adjusted net debt' to equity. The AlixPartners Limited Group's adjusted net debt to equity ratio was as follows:

	2017 £'000	2016 £'000
Total liabilities	184,050	162,709
Less: cash and cash equivalents	(55,142)	(30,762)
Adjusted net debt	128,908	131,947
Total equity	65,926	43,548
Adjusted net debt to equity ratio	1.96	3.03

Interest rate risk

The Group and Company has interest bearing assets, but no such liabilities external to the Group. Interest bearing assets include cash balances that earn interest at a floating rate and a loan note which pays interest at a fixed rate.

The following table demonstrates the estimated sensitivity of post-tax profit to a 0.5% absolute change in interest rates, assuming all other variables are held constant.

Group	Effect on post tax profit	
	2017 £'000	2016 £'000
Interest rates up 0.5%	113	134
Interest rates down 0.5%	(7)	(9)

Company	Effect on post tax profit	
	2017 £'000	2016 £'000
Interest rates up 0.5%	-	-
Interest rates down 0.5%	-	-

Fair values of financial assets and liabilities

The Directors consider there to be no difference between the carrying value of the Group and Company financial assets and liabilities and their fair value.

Financial assets and liabilities by category

Group 2017	Loans and receivables £'000	Total £'000
<i>Financial assets:</i>		
Cash and cash equivalents	55,142	55,142
Trade and other receivables	132,516	132,516
Total financial assets	<u>187,658</u>	<u>187,658</u>
	Other financial liabilities £'000	Total £'000
<i>Financial liabilities:</i>		
Trade and other payables	<u>180,164</u>	<u>180,164</u>

ALIXPARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2017 (continued)

26 FINANCIAL INSTRUMENTS (continued)

2016	Loans and receivables £'000	Total £'000
<i>Financial assets:</i>		
Cash and cash equivalents	30,762	30,762
Trade and other receivables	111,095	111,095
Total financial assets	<u>141,857</u>	<u>141,857</u>
	Other financial liabilities £'000	Total £'000
<i>Financial liabilities:</i>		
Trade and other payables	<u>158,663</u>	<u>158,663</u>
Company 2017	Loans and receivables £'000	Total £'000
<i>Financial assets:</i>		
Cash and cash equivalents	728	728
Trade and other receivables	78,660	78,660
Total financial assets	<u>79,388</u>	<u>79,388</u>
<i>Financial liabilities:</i>		
Trade and other payables	<u>116,871</u>	<u>116,871</u>
2016	Loans and receivables £'000	Total £'000
<i>Financial assets:</i>		
Cash and cash equivalents	1,059	1,059
Trade and other receivables	79,180	79,180
Total financial assets	<u>80,239</u>	<u>80,239</u>
<i>Financial liabilities:</i>		
Trade and other payables	<u>123,911</u>	<u>123,911</u>

ALIXPARTNERS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2017 (continued)

27 POST BALANCE SHEET EVENTS

On 1 January 2018, substantially all the trade and assets of AlixPartners Services UK LLP were transferred to AlixPartners UK LLP at book value. AlixPartners Services UK LLP will continue to operate in the provision of insolvency and corporate advisory services.

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.