Registered number: OC321124

Keoghs LLP

Annual report and financial statements

for the year ended 31 May 2023

REPORT AND FINANCIAL STATEMENTS 2023

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OFFICERS AND PROFESSIONAL ADVISERS

Designated members

A J Carr
Keoghs Acquisition Limited

Registered office

5th Floor
20 Gracechurch Street
London
EC3V OBG

Bankers

The Royal Bank of Scotland
1 Hardman Boulevard
Manchester
M3 3AQ

Auditor

BDO LLP
Chartered Accounts and Statutory Auditors
55 Baker Street
London
W1U 7EU

MEMBERS' REPORT

The members present their annual report on the affairs of the LLP, together with the financial statements and auditor's report, for the year ended 31 May 2023.

Firm structure

The LLP is a Limited Liability Partnership registered in England and Wales. A list of members' names is available for inspection at the LLP's registered office.

Principal activity

The principal activity of the LLP continues to be the provision of claims handling and legal services to the insurance industry and corporate clients in the United Kingdom.

Review of the business and future developments

Our goal is to be the best in class specialist provider of dispute resolution services for the insurance industry, providing services focused on litigation, claims management and fraud detection and prevention. We specialise in defendant services for motor, casualty (employers and public liability and disease), property and professional risk lines of insurance business.

We continue to be well placed to capitalise on the opportunities in the market place as the firm's competitive advantage is focused on combining low-cost workflow processing with operational and process excellence, alongside deep technical expertise in relation to more complex matters. We continue to benefit from the financial strength and expertise of the Davies Group Limited.

During the year, our turnover grew by £7.3m (7%) and our operating profit before exceptional items increased by £2m (6%) as we continue to invest in technology to bring new solutions to the market and to drive further efficiency in order to meet the demands in a changing and competitive market.

The results for the year and financial position of the LLP at the year-end are set out on pages 11 and 12 of the financial statements.

The operating profit before exceptional items for the year amounted to £34.3m (2022: profit of £32.4m).

The balance sheet is set out on page 12 and shows net assets attributable to the members of the LLP of £73.7m (2022: £62.0m).

Going concern

The entity is a part of a group of companies owned by Tennessee Topco Limited and party to group funding facilities. Monitoring of financial performance and management of banking facilities is done on a group basis and incorporates the results of all subsidiaries of the group that are consolidated within Tennessee Topco Limited accounts.

The directors continually review and monitor business performance and liquidity of the Group. After reviewing the Group's forecasts and projections, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

Despite the challenging economic environment, the Group has performed in line with its Adjusted EBITDA and cashflow budgets in the first six months of the year ending 30 June 2024 and the Group remains on track to deliver strong EBITDA growth in FY24. Further the Group has access to a committed revolver credit facility of £90m should this be required.

The Group's most recent forecasting exercise covers a period from the balance sheet date to 30 June 2025. As part of their forecasting work, the directors undertook some detailed sensitivity analysis which showed that the Group is highly unlikely to breach its sole covenant. The Group enjoys the continued funding support of its shareholders: BC Partners, HGGC, and AimCo, having raised an additional £45m in equity in September 2022 and £32m in equity in April 2023 to support M&A. In addition, in November 2023 the shareholders injected a further £110m of equity to support the near term M&A plans. The key mitigant for a covenant breach would be an equity injection from the shareholders which is permitted under the existing banking agreement. Additionally, should the Group experience a liquidity issue, it could draw down on the £90m RCF which can be accessed for any purpose.

MEMBERS' REPORT

Going concern (continued)

In August 2021 BC Partners acquired a majority stake in the business following a rigorous due diligence process and as part of this transaction, Blackstone replaced ICG as the Group's debt provider. The total facilities available to the Group as at June 2023 were £1,342m, of which £700m is an acquisition facility and £90m is a revolving credit facility. The acquisition facilities are committed facilities which can be utilised for capex, M&A requirements and restructuring and the RCF can be used for any purpose including operational, working capital and M&A requirements, and can be drawn down in 4 working days. The total amount of debt drawn down at June 2023 was £985m. In addition, in November 2023, the Group secured an additional facility of USD90.4m.

The Group is continuing its M&A programme and during the period ended 30 June 2023 the Group made six acquisitions and, for detail. The Group has completed one new acquisition since the financial year end, adding c£17.8m EBITDA before synergies.

Designated members

The designated members who served during the year and to the date of this report are set out on page 1.

The members who held office at the date of approval of this members' report confirm that, there is no relevant audit information of which the Limited Liability Partnership's auditors are unaware, and; and each member has taken all the steps they ought to have taken as a member to make themselves aware of any relevant audit information and to establish that the Limited Liability partnership's auditors are aware of that information.

Political and charitable contributions

During the year, the LLP made charitable donations of £nil (2022: £nil). The LLP did not make any political donations (2022: £nil).

Members' drawings and the subscription and repayment of members' capital

During the year, individual members received monthly drawings representing payments on account of their agreed profit share. Profits are allocated to members as they are drawn.

The capital requirements of the LLP are determined by the Board and are reviewed regularly. Each member is required to subscribe capital to the LLP. The amount of capital subscribed by each member is determined by their own remuneration level. Interest is paid on the capital. On leaving the LLP a member's capital is repaid within one year.

Disabled Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities 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 and the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Directors' indemnities and insurance

The LLP has made qualifying third party indemnity provisions for the benefit of its members which were in place during the year and remain in force at the date of this report. The Company maintains members' and officers' liability insurance for its members and officers.

Corporate social responsibility

Keoghs LLP is part of the Tennessee Topco Limited Group ("Group") and its corporate social responsibility policy can be found at https://davies-group.com/esg/

MEMBERS' REPORT

Energy Consumption and Emission

The Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 requires the LLP to disclose annual UK energy consumption and Greenhouse Gas (GHG) emissions from SECR regulated sources.

Reported energy and GHG emissions data is compliant with SECR requirements and has been calculated in accordance with the GHG Protocol and SECR guidelines. Energy and GHG emissions are reported from buildings and transport where operational control is held – this includes electricity, natural gas and business travel in company-owned or grey-fleet cars.

The table below details the regulated SECR energy and GHG emission sources from the current reporting period, in comparison to the previous financial reported year.

	1st June 2020 to 31st May 2021	1st June 2021 to 31st May 2022	01 July 2022 to 30 June 2023
Energy consumption used to calculate emissions (kWh)	5,225,707.83	4,744,530.79	3,616,772.47
Gas (kWh)	2,134,071.00	1,675,940.00	724,536.00
Electricity (kWh)	1,842,322.00	1,431,628.00	938,173.00
Transport fuels (kWh)	1,249,314.83	1,627,743.98	1,891,308.21
Transport fuels (Scope 3) kWh	-	9,218.81	62,755.25
Emissions from combustion of gas tCO_2e (Scope 1)	391.65	306.46	132.40
Emissions from combustion of fuel for transport purposes tCO_2e (Scope 1)	312.15	403.58	462.30
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing of the fuel tCO_2e (Scope 3)	-	2.19	14.68
Emissions from purchased electricity tCO_2e (Scope 2, location-based)	410.51	290.52	187.79
Total gross emissions tCO_2e based on the above	1,114.31	1,002.75	797.17
-Total gross emissions from above by unit turnover/revenue (tCO_2e/£M)	10.89	8.95	6.64

The SECR data covers the period of Jul22-Jun23 which is consistent with the Energy Consumption and Emission reporting disclosed in the entity's ultimate holding company's consolidated financial statements.

Keoghs LLP understands the critical importance of our environmental responsibilities and as such we are committed to minimising our impact on the environment. We are building a culture to drive improvements and efficiencies across our operations and as part of that we support colleagues wherever possible to make informed decisions around reducing our carbon footprint. Since FY20, we have made material improvements to our Scope 1-3 emissions footprint including increasing the amount of flexible/remote working, propositional developments eliminating the need for travel, and consolidating multiple office sites. We have recently seen an increase in Scope 3 emissions regarding business related travel and commuting due to the lifting of Covid restrictions, however we continue to encourage agile and efficient working practices wherever possible.

MEMBERS' REPORT

Auditor

In the case of each of the persons who are members at the time when the members' report is approved, the following applies:

- so far as the designated member is aware, there is no relevant audit information of which the Limited Liability partnership's auditors are unaware; and
- he/she has taken all the steps that he/she ought to have taken as a designated member in order to make himself/herself aware of any relevant audit information and to establish that the Limited liability partnership's auditors are aware of that information.

BDO LLP has indicated their willingness to be reappointed as auditor. A resolution to re-appoint BDO LLP as auditor will be proposed at the next members' meeting.

Approved by a Designated Member on 29th February 2024 and signed by:

Keoghs Acquisition Limited

Designated Member, signed by its duly authorised representative, A Debiase, director

MEMBERS' RESPONSIBILITIES STATEMENT

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

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The financial statements are required by law to give a true and fair view of the state of affairs of the firm and of the profit or loss of the firm for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the firm will continue in business.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the firm and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the firm and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

These responsibilities are exercised by the Board on behalf of the members.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEOGHS LLP

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Limited Liability Partnership's affairs as at 31 May 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008.

We have audited the financial statements of Keoghs LLP ("the Limited Liability Partnership") for the year ended 31 May 2023 which comprise the Profit and loss account, Balance sheet, Statement of changes in members' interest, cashflow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Limited Liability Partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Limited Liability Partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Members with respect to going concern are described in the relevant sections of this report.

Other information

The Members are responsible for the other information. The other information comprises the information included in the Members report and financial statements, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEOGHS LLP

Other information (continued)

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting as applied to limited liability partnerships

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

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

Responsibilities of Members

As explained more fully in the Members' responsibilities statement, the Members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Members are responsible for assessing the Limited Liability Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Members either intend to liquidate the Limited Liability Partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Limited Liability Partnership and the industry in which it operates, discussion with management and those charged with governance and legal counsel and work performed to obtain and understand the Limited Liability Partnership's policies and procedures regarding compliance with laws and regulations. We considered the significant laws and regulations with direct effect on the financial statements to be the applicable accounting standards and Companies Act 2006.

The Limited Liability Partnership is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations toinclude the Employment Rights Act 1996, Income Tax Act 2007 and the Health and Safety at Work Act 1974.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit;
- Review of legal expenditure accounts to understand the nature of expenditure incurred

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Limited Liability Partnership's policies and procedures relating to:
    - Detecting and responding to the risks of fraud; and
    - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these;

Based on our risk assessment, we considered the areas most susceptible to fraud to be related to posting inappropriate journal entries, management bias in accounting estimates and improper revenue recognition associated with year-end cut-off.

Our procedures in respect of the above included:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias in relation revenue and work-in-progress. We specifically carried out the following procedures;
    - Testing a sample of revenue recognised either side of the period end to ensure revenue has been recognised in the correct period;
    - Testing a sample of work-in-progress to ensure that this was recognised correct;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluated the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEOGHS LLP

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Limited Liability Partnership's Members, as a body, in accordance with the Chapter 3 of part 16 of the Companies Act 2006 as applied by Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the Limited Liability Partnership's Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Limited Liability Partnership and the Limited Liability Partnership's Members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Geeta Joshi

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Geeta Joshi (Senior Statutory Auditor)

BDO LLP, statutory auditor
London, UK
29th February 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

PROFIT AND LOSS ACCOUNT
For the year ended 31 May 2023

	Note	2023 £'000	2022 £'000
Turnover	1	115,054	107,710
Cost of sales			
Before exceptional items		(52,086)	(50,341)
Exceptional items		(2,017)	(28)
		(54,103)	(50,369)
Gross profit		60,951	57,341
Administrative expenses			
Before exceptional items		(28,604)	(25,008)
Exceptional items		(3,056)	(1,621)
		(31,660)	(26,629)
Operating profit		29,291	30,712
Operating profit before exceptional items		34,364	32,361
Exceptional items	3	(5,073)	(1,649)
Operating profit after exceptional items		29,291	30,712
Finance costs		(54)	(44)
Profit before taxation and members' remuneration and profit shares	3	29,237	30.668
Taxation on profit	7	-	-
Profit for the financial year before members' remuneration and profit shares		29,237	30,668
Members' remuneration charged as an expense		(19,184)	(17,290)
Profit for the financial year available for discretionary division among members		10,053	13,378

All results relate to continuing activities.

There are no items of other comprehensive income in the current year or prior year other than those recognised in the profit and loss account. Accordingly, a statement of comprehensive income has not been presented.

BALANCE SHEET
At 31 May 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Intangible assets	8	872	2,913
Tangible assets	9	8,062	9,582
Investments	10	-	-
		8,934	12,495
Current assets			
Debtors	11	112,844	86,542
Cash at bank and in hand		4,146	3,644
		116,990	90,186
Creditors: amounts falling due within one year	12	(49,249)	(39,143)
Net current assets		67,741	51,043
Total assets less current liabilities		76,675	63,538
Provision for liabilities	13	(2,905)	(1,506)
Net assets attributable to members		73,770	62,032
Represented by:			
Loans and other debts due to members			
Members' capital classified as a liability		5,359	4,909
Members' other amounts		58,358	43,745
Equity			
Members' other interests classified as equity		10,053	13,378
Total Members' interests		73,770	62,032

The financial statements of Keoghs LLP (registered number OC321124) were approved by the Members and authorised for issue on 29th February 2024. They were signed on behalf of the Partnership by:

Keoghs Acquisition Limited
Designated Member, signed by its duly authorised representative, A Debiase, director

STATEMENT OF CHANGES IN MEMBERS' INTEREST
For the year ended 31 May 2023

	Members' capital classified as a liability £'000	Members' other reserves debt £'000	Members' other reserves equity £'000	Total Members' interests £'000
Members' interests at 31 May 2021	**4,677**	**38,497**	**5,431**	**48,605**
Other reserves allocated to members	-	5,431	(5,431)	-
Members' remuneration charged as an expense	-	17,290	-	17,290
Profit for the financial year available for discretionary division among members	-	-	13,378	13,378
Members' interests after profit for the year and total comprehensive income	**4,677**	**61,217**	**13,378**	**79,274**
Members' capital introduced	563	-	-	563
Members' capital withdrawn	(331)	-	-	(331)
Drawings	-	(17,473)	-	(17,473)
Members' interests at 31 May 2022	**4,909**	**43,745**	**13,378**	**62,032**
Other reserves allocated to members	-	13,378	(13,378)	-
Members' remuneration charged as an expense	-	19,184	-	19,184
Profit for the financial year available for discretionary division among members	-	-	10,053	10,053
Members' interests after profit for the year and total comprehensive income	**4,909**	**76,305**	**10,053**	**91,269**
Members' capital introduced	910	-	-	910
Members' capital withdrawn	(460)	-	-	(460)
Drawings	-	(17,948)	-	(17,948)
Members' interests at 31 May 2023	**5,359**	**58,358**	**10,053**	**73,772**

CASH FLOW STATEMENT
For the year ended 31 May 2023

	Note	2023 £'000	2022 £'000
Profit on ordinary activities before members' remuneration and profit shares		**29,237**	**30,668**
Adjustment for:			
Amortisation		2,041	2,772
Depreciation		4,612	4,538
Provisions		1,400	(1,501)
Operating cash flow before movement in working capital		**37,290**	**36,477**
Movement in debtors		(26,302)	(11,320)
Movement in creditors		10,106	(373)
Net cash generated from operating activities		**21,094**	**24,784**
Cash flows from investing activities			
Purchase of tangible assets	9	(3,093)	(5,786)
Net cash outflows from investing activities		**(3,093)**	**(5,786)**
Cash flows from financing activities			
Capital introduced by members		910	563
Repayment of capital or debt to members		(460)	(331)
Members' drawings		(17,948)	(17,473)
Net cash outflows from financing activities		**(17,498)**	**(17,241)**
Net increase/(decrease) in cash and cash equivalents		**503**	**1,757**
Cash and cash equivalents at beginning of year		**3,643**	**1,887**
Cash and cash equivalents at the end of year		**4,146**	**3,644**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2023

1. *Accounting policies*

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

General information and basis of accounting

Keoghs LLP ("the Partnership") is incorporated in the United Kingdom and registered in England and Wales under the Limited Liability Partnership Act 2000. The address of the registered office is given on page 1. The nature of the Partnership's operations and its principal activities are set out in the members' report on page 2.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and the requirements of the Statement of Recommended Practice Accounting by Limited Liability Partnerships (issued July 2014 and updated 2018).

The functional and presentational currency of Keoghs LLP is considered to be pounds sterling because that is the currency of the primary economic environment in which the Partnership operates.

Financial instruments

Financial assets and financial liabilities are recognised when the LLP becomes a party to the contractual provisions of the instrument.

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

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

Financial assets and liabilities are only offset in the balance sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the LLP intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 May 2023

1. Accounting policies (continued)

Financial instruments (continued)

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

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

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

(i) Investments

In the LLP balance sheet, investments in subsidiaries and joint ventures and associates are measured at cost less impairment.

(ii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Going concern

The entity is part of a group of companies owned by subsidiary of Tennessee Topco Limited and party to group funding facilities. Monitoring of financial performance and management of banking facilities is done on a group basis and incorporates the results of all subsidiaries of the group that are consolidated within Tennessee Topco Limited accounts.

The directors continually review and monitor business performance and liquidity of the Group. After reviewing the Group's forecasts and projections, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

Despite the challenging economic environment, the Group has performed in line with its Adjusted EBITDA and cashflow budgets in the first six months of the year ending 30 June 2024 and the Group remains on track to deliver strong EBITDA growth in FY24. Further the Group has access to a committed revolver credit facility of £90m should this be required.

The Group's most recent forecasting exercise covers a period from the balance sheet date to 30 June 2025. As part of their forecasting work, the directors undertook some detailed sensitivity analysis which showed that the Group is highly unlikely to breach its sole covenant. The Group enjoys the continued funding support of its shareholders: BC Partners, HGGC, and AimCo, having raised an additional £45m in equity in September 2022 and £32m in equity in April 2023 to support M&A. In addition, in November 2023 the shareholders injected a further £110m of equity to support the near term M&A plans. The key mitigant for a covenant breach would be an equity injection from the shareholders which is permitted under the existing banking agreement. Additionally, should the Group experience a liquidity issue, it could draw down on the £90m RCF which can be accessed for any purpose.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 May 2023

1. Accounting policies (continued)

Going concern (continued)

In August 2021 BC Partners acquired a majority stake in the business following a rigorous due diligence process and as part of this transaction, Blackstone replaced ICG as the Group's debt provider. The total facilities available to the Group as at June 2023 were £1,342m, of which £700m is an acquisition facility and £90m is a revolving credit facility. The acquisition facilities are committed facilities which can be utilised for capex, M&A requirements and restructuring and the RCF can be used for any purpose including operational, working capital and M&A requirements, and can be drawn down in 4 working days. The total amount of debt drawn down at June 2023 was £985m. In addition, in November 2023, the Group secured an additional facility of USD90.4m.

The Group is continuing its M&A programme and during the period ended 30 June 2023 the Group made six acquisitions and, for detail. The Group has completed one new acquisition since the financial year end, adding c£17.8m EBITDA before synergies.

Intangible assets

Intangible assets acquired are measured at fair value at the acquisition date. Subsequently these are amortised in equal annual instalments over the following period, which is their estimated useful economic life:

Customer relations and knowledge	3 to 5 years
Contracts	5 years

Provision is made for any impairment.

Goodwill arising on the acquisition of trade and assets, representing any excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired, is capitalised and written off on a straight line basis over its estimated useful economic life of 5 years. Provision is made for any impairment.

Tangible fixed assets

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

Leasehold improvements	Over the term of lease
Office equipment	5 years
Computer equipment and licences	3-6 years

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

Investments

Fixed asset investments are stated at cost less impairment.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 May 2023

1. Accounting policies (continued)

Impairment of assets

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

Non-financial assets

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

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

Financial assets

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

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date. Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Taxation

Under self-assessment, liabilities to tax on the profits of the LLP are the liabilities of the members and not the responsibility of the LLP. However, the members have agreed that the LLP will retain, as a deduction from their current accounts, sufficient amounts to meet tax liabilities arising as a result of the profits of the LLP and accordingly these amounts appear in loans and other debts due to members.

Members' interests

Members' capital is repayable on retirement of the member and is therefore classified as a liability. Because members may retire with less than one year's notice and typically have their capital repaid within one year of serving notice, members' capital is shown as being due within one year.

Members' remuneration

During the year individual members received monthly drawings representing payments on account of their agreed basic profit share. After basic profit shares have been allocated to the individual members additional profits may be allocated to individual members in accordance with any additional profit allocation schemes in force within the LLP from time to time. All residual profits after allocations to the individual members are then allocated and credited to the Corporate Member.

An interest rate of 1% over the LLP's bank base rate is paid on capital subscribed. The interest paid and the drawings paid in the year are reported as members' remuneration charged as an expense on the face of the profit and loss account.

Exceptional items

The LLP considers exceptional items to be those which derive from events or transactions which are significant for separate disclosure by virtue of their size or incidence in order for the user to obtain a proper understanding of the LLP's financial performance. These items include, but are not limited to, integration of the acquired business and costs relating to other investment opportunities.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 May 2023

1. Accounting policies (continued)

Turnover

Revenue for services represents the fair value of services provided during the year on client assignments. Fair value reflects the amount expected to be recoverable from clients and is based on an agreed fixed fee or, in the majority of cases, on time spent, expertise and skills provided, and expenses incurred. Fee income is stated net of Value Added Tax. All turnover originated in the UK.

Where the fee for the assignment is based on an agreed fixed amount rather than time and materials the revenue associated with the fixed fee is recognised in line with the expected life cycle of the matter.

Legal services provided to clients during the year which, at the balance sheet date, have not been invoiced to clients, have been recognised as fee income in accordance with Section 23 Revenue of Financial Reporting Standard 102. Fee income recognised in this manner is based on an assessment of the fair value of the services provided by the balance sheet date as a proportion of the total value of the engagement.

Unbilled fee income is included as unbilled amounts recoverable from clients within debtors. Unbilled amounts recoverable from clients are stated at fair value where the right to consideration has been obtained. Provision is made against unbilled amounts on those engagements where the right to receive payments is contingent on factors outside the control of the LLP. Contingent fee income (over and above any agreed minimum fee which is recognised as above) is recognised in the period when the contingent event occurs.

Turnover which has been recognised but not invoiced by the balance sheet date is included in debtors in accrued income. Amounts invoiced in advance of the completion of contractual obligations are included in deferred income.

Defined contribution pension schemes

The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period. The LLP accounts for its contributions to the scheme as a defined contribution pension scheme.

Business combinations

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements to bring the accounting policies used into line with those used by the LLP.

Dilapidation Provision

Where the Group has a legal obligation, a dilapidations provision is created on inception of a lease. These provisions are a best estimate of the cost acquired to return lease properties to their original condition upon termination of the lease. Where the obligation arises from 'wear and tear', the provision is accrued as the 'wear and tear' occurs.

Onerous Lease

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease. This is released over the remaining lease term.

Intercompany balances

All intercompany balances are repayable on demand and carry no interest charges, unless otherwise stated.

Operating leases

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

Holiday Pay Accruals

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 May 2023

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the LLP's accounting policies, which are described in note 1, the members are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

(i) Critical judgements in applying the company's accounting policies

The following are the critical judgements that the members have made in the process of applying the LLP's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition – accrued revenue

The value of accrued revenue is derived on the basis of estimations and assumptions regarding the fair value of unbilled time at the year end, having regard to the LLP's accounting policy for revenue recognition including work in progress provisioning and review of realisation rates. The judgement within this calculation is the realisation rate that is applied when calculating work in progress. Thus the recoverability of work in progress and provisioning is the key judgement.

(ii) Key source of estimation uncertainty

The following are the key assumptions that the members have made in the process of applying the LLP's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Work in Progress

The valuation of work in progress (WIP) which relates to unbilled time, involves significant judgement and affects the amount recognised as revenue in the financial statements. After a review of WIP by management on a matter by matter basis the valuation is based on an estimate of the amount expected to be recovered from clients on unbilled amounts based on the time and expertise provided. Provision is made for contingencies including any time recorded on a matter which is in excess of the amount that is considered recoverable.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 May 2023

3. Profit before taxation, members' remuneration and profit shares

Profit before taxation is stated after charging/(crediting):

	2023 £'000	2022 £'000
Depreciation – owned assets	4,612	4,538
Amortisation of intangible assets	2,041	2,772
Operating lease rentals	1,104	2,412
Exceptional items	5,073	1,649

Exceptional items of £5,073k in the year (2022:£1,649k) represents an increase in provisions for onerous leases and the costs associated with the LLP's policy to grow through acquisition of new work throughout the year. FY22 represents an increase in provisions for onerous leases and dilapidations.

The LLP uses valve Partners in Keoghs Northern Ireland LLP and Keoghs Scotland LLP to extract any excess profits to Keoghs LLP if applicable.

4. Auditor remuneration

The analysis of the auditor's remuneration is as follows:

	2023 £'000	2022 £'000
Fees payable to the LLP's auditor and its associates for the audit of the LLP's annual financial statements	70	64
Audit-related assurance services	23	21
Taxation compliance services	37	34
Total non-audit fees	60	55

No services were provided pursuant to contingent fee arrangements (2022: same).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 May 2023

5. Staff numbers and costs

The average monthly number of employees (excluding members) was:

	2023 Number	2022 Number
Fee Earners	1,245	1,221
Support Staff	269	270
	1,514	1,491

Their aggregate remuneration comprised:

	2023 £'000	2022 £'000
Salaries	47,985	41,411
Social security costs	2,759	4,449
Other pension costs (note 14)	1,833	1,697
	52,577	47,557

6. Members' remuneration and transactions

Profits are shared among the members in accordance with agreed profit sharing arrangements and include interest on members' capital.

The profit attributable to the member with the largest entitlement, Keoghs Acquisition Limited, was £10.1m (2022 £13.4m).

The average number of members during the year was 155 (2022: 141).

7. Tax on profit

Tax remains the individual responsibility of members and as a consequence no tax charge arises in the year (2022 - £nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 May 2023

8. Intangible fixed assets

	Customer relations and knowledge £'000	Contracts £'000	Goodwill £'000	Total £'000
Cost or valuation				
At 1 June 2022	2,999	302	11,869	15,170
At 31 May 2023	2,999	302	11,869	15,170
Amortisation				
At 1 June 2022	2,298	262	9,697	12,257
Charge for the year	300	40	1,701	2,041
At 31 May 2023	2,598	302	11,398	14,298
Net book value				
At 31 May 2022	701	40	2,172	2,913
At 31 May 2023	401	-	471	872

The remaining amortisation period for customer relations and knowledge, contracts and goodwill is between 1 and 2 years.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 May 2023

9. Tangible fixed assets

	Leasehold improvements £'000	Computer equipment and licences £'000	Office equipment £'000	Total £'000
Cost or valuation				
At 1 June 2022	4,751	29,760	1,072	35,583
Additions	55	3,037	-	3,092
At 31 May 2023	4,807	32,797	1,072	38,675
Depreciation				
At 1 June 2022	2,439	22,570	992	26001
Charge for the year	903	3,657	52	4,612
At 31 May 2023	3,342	26,227	1,044	30,613
Net book value				
At 31 May 2022	*2,312*	*7,190*	*80*	*9,582*
At 31 May 2023	1,464	6,570	28	8,062

10. Fixed asset investments

	2023 £	2022 £
Shares in subsidiary undertaking:	2	2
At beginning and end of period	2	2

The undertakings in which the LLP has an interest at the period end are as follows:

Subsidiary	Country of incorporation	Principal activity	Registered Office	Holding	Proportion
Keoghs Services Limited	England	Non Trading	2 The Parklands, Bolton, BL6 4SE	Ordinary shares	100%

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 May 2023

11. Debtors

	2023 £'000	2022 £'000
Amounts falling due within one year:		
Trade debtors	29,808	26,586
Amounts owed by group undertakings	56,846	36,141
Unbilled amounts recoverable from clients	19,704	16,935
Prepayments and accrued income	6,486	6,880
	112,844	86,542

Amounts due from group undertakings are interest free and due on demand.

12. Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Trade creditors	11,121	9,891
Other taxation and social security	6,036	5,716
Amounts due to group companies	15,859	9,132
Other creditors	1,127	1,841
Accruals and deferred income	15,106	12,563
	49,249	39,143

Amounts due from group undertakings are interest free and due on demand.

13. Provision for Liabilities

	Dilapidations £'000	Onerous Lease £'000	Total £'000
Cost or valuation			
At 1 June 2022	835	671	1,506
Charge to profit or Loss	-	1,943	1,943
Utilised in year	(78)	(466)	(544)
At 31 May 2023	757	2,148	2,905
Non-current	519	1,667	2,186
Current	238	481	719
Total	757	2,148	2,905

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 May 2023

14. Employee benefits

Defined contribution schemes

The group operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss in the year ended 31 May 2023 was £1,833k (2022: £1,697k).

Contributions totalling £370k (2022: £354k) were payable at the end of the year and are included in other creditors.

15. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2023 Land and buildings £'000	2022 Land and buildings £'000
- within one year	1,225	1,344
- between one and five years	4,364	3,085
- after five years	1,652	2,302
	7,241	6,731

16. Related party transactions

Keoghs LLP have taken advantage of the exemption available under Section 33 of FRS 102 whereby it has not disclosed transactions with other wholly owned subsidiaries of the Group.

17. Controlling party

The parent company is Keoghs Topco Limited, a company registered in England and Wales.

Keoghs Topco Ltd is a wholly owned subsidiary of a Davies Group Limited whose parent company is Tennessee Topco Limited. The directors consider BC Partners to be the ultimate controlling party of the Group.

18. Events after the balance sheet date

There are no subsequent events after the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 May 2023

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