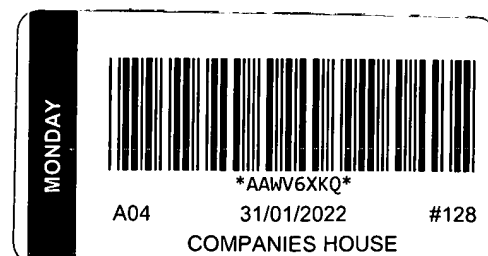


Company Registration No. 08692275 (England and Wales)

Alvarez & Marsal Deutschland KG Holdings Limited

Annual report

For the year ended 31 December 2020



Alvarez & Marsal Deutschland KG Holdings Limited

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Alvarez & Marsal Deutschland KG Holdings Limited

Directors and advisers

Directors

Antonio M Alvarez III

Stephen R Gate

Secretary

Stephen R Gate

Registered office

Tower Bridge House

St. Katharine's Way

London

E1W 1DD

Principal place of business

Park House

16-18 Finsbury Circus

London

EC2M 7EB

Company number

08692275

Statutory auditor

Mazars LLP

Tower Bridge House

St. Katharine's Way

London

E1W 1DD

Alvarez & Marsal Deutschland KG Holdings Limited

Strategic report

For the year ended 31 December 2020

The Strategic Report provides a review of the business of the company and its subsidiary undertakings during the financial year and describes the steps taken by the board of directors to identify and manage the risks facing the group.

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

Principal activity

The principal activity of the company is that of a parent company.

The principal activity of the group, which is carried out through the subsidiary undertakings and has remained unchanged during the year under review, is the provision of business and management consultancy services.

Review of the business and key performance indicators

The group has continued to operate profitably but whilst turnover has been maintained, profits have fallen compared to the previous year.

The group's total comprehensive income for the year ended 31 December 2020 was €2,763,595 (2019: €6,334,817). During the year the company paid dividends totalling €21,804,992 (2019: €Nil) and at 31 December 2020 the net assets of the group amounted to €26,125,508 (2019: €45,166,905).

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

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

The group continues to develop and enhance its activities in the German markets and the business has made satisfactory progress during the year under review. The directors intend to continue to pursue established policies and to grow the business in future periods and expect the group to be profitable and cash generative.

Directors' duty to promote the success of the company (Section 172 Statement)

Alvarez & Marsal Deutschland KG Holdings Limited is classified as a large company and under the Companies (Miscellaneous Reporting) Regulations 2018 is required to include a separately identifiable statement within the Strategic Report describing how the directors have met their obligations whilst performing their duties under Section 172 (1) (a) to (f) of the Companies Act 2006.

Under Section 172 of the Companies Act 2006, a director must act in the way that he / she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole.

As stated in Note 23 to the financial statements, the company's ultimate parent company is Alvarez & Marsal Holdings LLC, a company formed in the United States of America. The principal activities of the parent company and its subsidiary undertakings are the provision of business and management consultancy services. The group provides leadership, problem solving and value creation services to its clients around the world covering a broad range of industries.

Alvarez & Marsal Deutschland KG Holdings Limited

Strategic report (continued)

For the year ended 31 December 2020

Directors' duty to promote the success of the company (Section 172 Statement) (continued)

The group has grown substantially since its formation through the recruitment, development and training of appropriately skilled professionals. The directors intend to build further by developing and enhancing the strong reputation that Alvarez & Marsal enjoys in the global market place. The Alvarez & Marsal culture is based on a strong set of core values underscored by a bias towards execution and results. Alvarez & Marsal Deutschland KG Holdings Limited participates in the strategy and vision developed by the parent undertaking for the group as a whole and by actively contributing to the implementation, monitoring and ongoing development of the group's policies, culture and successful outcomes for clients. Accordingly, the directors believe they have continued to promote the success of the company for the benefit of its members in accordance with Section 172.

The statement below summarises the effects of any significant transactions and decisions made during the year on key stakeholders and the ways in which the directors of Alvarez & Marsal Deutschland KG Holdings Limited have had regard to the matters set out in Section 172 (1) (a) to (f) when engaging with these groups.

i. The company's members

In accordance with S172 (1) (f) the company recognises the need to act fairly as between members of the company.

The company has in issue three distinct classes of share. The company's Articles of Association require that the directors have due regard to the amounts paid in the form of dividends by specific subsidiary undertakings when making recommendations as to distributions to be paid to the holders of Class A Ordinary shares, Class B Ordinary shares and Class C Ordinary shares. In all other respects Class A Ordinary shares, Class B Ordinary shares and Class C Ordinary shares carry equal rights as regards voting, distributions and repayment of capital in the event of a winding up.

The ultimate parent undertaking of the company and each of its three shareholders is Alvarez & Marsal Holdings LLC. The company engages with its parent and its shareholders through the provision of monthly financial management information, tracking performance against budgets, forecasting expected outcomes and implementing agreed decisions in line with the overall strategy of the business.

The strategy developed by the parent for the group is designed to maintain the ongoing success of the business and the group's reputation for high standards of business conduct. The parent undertaking takes a strong interest in the long term decisions being made by the company including investment and financing transactions. The subsidiary undertakings and their members and employees are actively encouraged to present opportunities in locations, service lines and specific industries in line with the overall growth and performance strategies of the group and the parent will provide support to the company in bringing approved projects to fruition.

The parent undertaking also reviews the company's dividend policies and strategies seeking a balance between financing and working capital to be made available to its subsidiary undertakings and requiring an appropriate cash return to enable it to pursue its own distribution policies and engage as appropriate with its own stakeholders.

Using structured appraisal and defined appraisal criteria, the directors ensure that they act fairly between all members, prospective members and employees of the company and its subsidiary undertakings.

Alvarez & Marsal Deutschland KG Holdings Limited

Strategic report (continued)

For the year ended 31 December 2020

Directors' duty to promote the success of the company (Section 172 Statement) (continued)

ii. Employees

Instrumental to success of the group, is the company's focus on recruiting, training and retaining its employees. In support of this, the company offers competitive remuneration and compensation packages (base, benefits and bonus), opportunities for career and skills development, job satisfaction through challenging and interesting assignments and recognition of outstanding performance, combined with a strong culture and core values.

The important parts of our Firm Culture are our entrepreneurial spirit, minimal bureaucracy and meritocracy regardless of age, sex, sexual orientation or ethnicity. Inclusive Diversity is one of our Core Values. We do not discriminate (or tolerate discrimination) based on age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (which includes colour, nationality and ethnic or national origins), religion or belief, sex or sexual orientation. Our Core Values represent a commitment to one another and are used to promote a transparent, open, diverse and inclusive workplace which offers fair treatment at work and a culture of mutual respect and dignity.

The group has in place a tiered grading system of its workforce with an emphasis on hands on experience (both learning and teaching) and specialist skills development. Performance is assessed regularly on a project by project basis and more formally in scheduled appraisals. A suite of knowledge management, learning and development and other training tools are available to all employees to assist in their ongoing development to build and maintain the skills necessary to support the company's clients as well as successful internal management.

Regular meetings and presentations on the performance of the group are held between various senior management groups and for the business as a whole (all members / employees) at least bi-annually.

iii. Clients and their instructing agents

The majority of the services provided by the company and its subsidiary undertaking are on a project by project basis. The company recognises the importance of building strong relationships with key referrers including client executives, bankers, brokers, private equity funds, lawyers and other professional advisers which is built on a reputation of providing a high standard of service to its clients. Employees are also encouraged to become members of relevant professional networks and organisations to promote the services of the company through, among other things, technical conferences and social events.

The group has a range of internal resources (marketing, legal, knowledge management and mobility resourcing) that assist in promoting and delivering services to the client through a designated project lead.

iv. Suppliers of client services

From time to time the company will engage experts or specialists to assist in the provision of its services to clients. The company has an extensive network of preferred advisers / experts who share the company's culture and values. Using this network, the company will play an active role in clients' procurement and acceptance process to identify the most appropriate expert to assist in achieving the desired project outcomes.

v. Suppliers of general and administrative services

The main suppliers of general and administrative services to the company including landlords, auditors, lawyers, IT and communications suppliers, printers and stationers are all well established. The company works closely with them to ensure the level of service provided remains high throughout the tenure of the contract. For all material contracts, the company will carry out appropriate due diligence which includes a review of any potential new suppliers and supply contracts. To maintain a good relationship with existing suppliers it will attempt to settle all invoices no later than the agreed payment dates.

Alvarez & Marsal Deutschland KG Holdings Limited

Strategic report (continued)

For the year ended 31 December 2020

Directors' duty to promote the success of the company (Section 172 Statement) (continued)

vi. *The communities and environments in which the company operates*

Alvarez & Marsal Deutschland KG Holdings Limited recognises the importance of its environmental responsibilities and participates in policies developed and implemented for the group as a whole by the ultimate parent undertaking to monitor and control the group's impact on the environment and to limit and reduce any damage that might be caused by the company and its subsidiary undertakings' activities.

The company's members and employees regularly engage in a variety of external and internal community support programs. The company also has a range of programs in place across the business supporting and developing diversity of culture, encouraging mentorship and providing employee support initiatives.

A range of environmental policies and procedures is adopted throughout the company including encouraging a paper light environment, staff recycling stations, shredding and recycling of confidential waste and avoiding single use items. Wherever possible staff are encouraged to adopt and recommend environmentally conscious procedures which can be adopted more widely across the company.

Although Alvarez & Marsal Deutschland KG Holdings Limited is classified as a large company, each of its individual subsidiaries is registered or incorporated outside of the United Kingdom and is exempt from any local energy and environmental reporting regulations. As permitted by the Companies (Directors' Report) and Limited Liability Partnership (Energy and Carbon Report) Regulations 2018 a separate Energy and Carbon Report is therefore not presented as part of this Annual Report.

Financial risk management

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

The directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The company's finance department implements the policies set by the board of directors.

Credit risk

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

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

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

Foreign exchange risk

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

Interest rate cash flow risk

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

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

Alvarez & Marsal Deutschland KG Holdings Limited

Strategic report (continued)

For the year ended 31 December 2020

Financial risk management (continued)

Other financial risks

On 31 January 2020 the United Kingdom officially ceased to be a member of the European Union, but there is likely to be considerable uncertainty for many years to come as the detailed implications of this action are discussed and agreed. It continues to be impossible to assess the opportunities and threats that this resignation will present. The directors continue to manage these risks by closely monitoring the position and are confident that, if necessary, the company will be able to amend and modify its procedures to remain fully compliant with any new rules and regulations and to maintain its standing and reputation in the marketplace locally and, where appropriate, throughout Europe and worldwide.

The impact of the global coronavirus pandemic ("covid-19")

The emergence of the coronavirus disease has led to far-reaching and rapidly changing health and safety concerns all over the world. The impact of these developments on the company's trade and its interaction with its personnel, suppliers, clients, and the wider economy is impossible to fully predict.

The directors have responded to the challenges presented by covid-19 by closely monitoring developments and by amending and adapting working procedures wherever necessary in accordance with local health organisations and government guidelines.

Health and safety risks

The health and wellbeing of the company's people and of all of its stakeholders is the company's first priority and continues to be at the forefront of the company's response to the pandemic. The company is as a minimum ensuring adherence to UK government guidance and policies concerning the covid-19 coronavirus pandemic. In accordance with guidelines and recommendations, the company's offices have been closed and as they start to re-open all of the company's staff are being asked to remain vigilant and alert. Restrictions on numbers and distancing, hygiene and cleaning measures are being strictly enforced and will not be relaxed unless it is safe to do so.

Efforts are being made to maintain team cohesion and to combat any adverse effects of isolation by regular communications throughout all levels taking full advantage of video links and all other available technology.

Operational considerations

The demand for the provision of the business consultancy services being carried out through the company's subsidiary undertakings has remained high. To meet this demand the company and its subsidiary undertakings have technology in place to enable staff to work from home / remotely allowing services to continue to be delivered to clients to the high standards expected throughout the Alvarez & Marsal Group.

In the context of covid-19, the company has successfully implemented its continuity and contingency procedures which has been well received by clients. Feedback from employees has shown that they have adapted well in a changed environment and the company is well-positioned to respond to the requirements of its staff and clients.

The company has implemented procedures that have minimised the disruption to the company's business which will remain in force as long as is necessary.

Financial implications

The covid-19 crisis has had no material effect on the company's financial position at 31 December 2020 or its results for the year then ended but the directors have had to assess and estimate the impact of the uncertainties created by covid-19 on all aspects of the company's operations and particularly on the group's and the parent company's ability to meet their obligations as they fall due and to continue as a going concern for the foreseeable future.

Covid-19 is a global pandemic and measures adopted by governments across the world in terms of control and risk mitigation and support and emergency aid and relief have differed widely from country to country.

Alvarez & Marsal Deutschland KG Holdings Limited

Strategic report (continued)

For the year ended 31 December 2020

The impact of the global coronavirus pandemic ("covid-19") (continued)

In carrying out their reviews of the financial implications of covid-19, the specific areas that the directors have considered and continue to monitor have included:

i. Global and national economies.

Statistics reported since the emergence of the coronavirus suggest that there will be a significant shrinkage in most economies throughout the world and some countries could enter into a recession. The directors acknowledge that this could result in longer lead times in the company earning its profits but believe that this area is best monitored on a project by project basis and have not identified any specific geographical regions where it needs to curtail or cease its operations.

ii. Demand for the company's services

Since 31 December 2020, the demand for the company's services has remained strong, even after the emergence of covid-19. The directors remain confident that demand will continue to grow after the disease has abated and intend to continue to pursue new opportunities as and when they arise.

iii. Financial resources to meet ongoing demand

The company has no external financing but operates in close cooperation with its parent and fellow subsidiary undertakings to help ensure that each company and LLP within the group has sufficient liquidity and adequate financial resources to meet all commitments as and when they fall due. The company has not had to take advantage of any of the emergency aid and relief measures offered by governments and is not expected to have to do so in the foreseeable future. Prudent policies, including the financial risk management measures outlined above continue to cope well with the challenges posed by covid-19.

iv. Other resources needed to meet ongoing demand

The company's business is not asset intensive but relies very heavily on the input of its people. Attracting, developing, rewarding and retaining the right levels of executives and employees are therefore extremely important to the company's ability to carry out its activities. The effect of covid-19 is considered in more detail under "operational considerations", above. To date, the company has not had to furlough any of its employees and there have been no direct redundancies as a result of covid-19.

v. Impairment in the values of the company's assets

Although the company's business is not asset intensive, it is accepted that a global downturn could have an adverse impact on the recoverability of the company's trade receivables and other assets. The directors have re-examined risk management policies and believe that these remain sufficiently robust to deal with this area.

vi. Mitigation priorities for 2021 and beyond

The company is responding dynamically to the rapidly changing situation that covid-19 has created and will continue with this approach prioritising the health and well being of all of its people, clients and contacts, client service, financial discipline and business continuity.

These assessments have been carried out in close co-operation with the company's parent undertaking and all of its fellow subsidiaries and, as stated in accounting policy Note 1.3 on page 24, group undertakings have indicated that they will provide sufficient financial support as is necessary for the foreseeable future. The directors are confident that this support will be forthcoming and have therefore been able to conclude that it remains appropriate for the company to continue to prepare its financial statements on a going concern basis.

Alvarez & Marsal Deutschland KG Holdings Limited

Strategic report (continued)

For the year ended 31 December 2020

Significant post balance sheet events

Since the year end, the company has continued to expand its presence in the German markets through its subsidiary undertakings and through the ongoing development and exploitation of the group's strong and growing reputation in the European business and management consultancy services markets.

The directors are not aware of any other significant post balance sheet events that could affect the future performance of the company or its subsidiaries.

Approved by the board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Stephen R Gate', written in a cursive style.

Stephen R Gate

Director

Date: 31 January 2022

Alvarez & Marsal Deutschland KG Holdings Limited

Directors' report

For the year ended 31 December 2020

The directors present their report and the audited financial statements for the year ended 31 December 2020.

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) Regulations 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 2 to 8. 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 of the group for the year was €2,763,595 (2019: €6,334,817). During the year ended 31 December 2020 the company released €19,098,383 of its share premium account (2019: €Nil) and paid interim dividends as follows:

Class of share		2020	2019
		€	€
Class A Ordinary	Special dividend	15,470,175	-
Class A Ordinary	Interim dividend	5,039,307	-
Class B Ordinary	Interim dividend	784,389	-
Class C Ordinary	Interim dividend	511,121	-
		<u>21,804,992</u>	<u>-</u>

In view of the company's current and future requirements and the maintenance and development of the company's business, the directors do not recommend the payment of final dividends.

Directors and their interests

The directors who held office since 1 January 2020 were:

Antonio M Alvarez III

D Bryan Ruez (resigned 9 October 2020)

Stephen R Gate

The company's Articles of Association include provisions indemnifying the directors for all liabilities incurred in the performance of their duties.

Employee involvement

The directors recognise the importance of employee involvement established by good communications and working relationships. Employees are kept well informed about the progress and position of the group and its subsidiaries by regular departmental meetings and electronic briefings.

Alvarez & Marsal Deutschland KG Holdings Limited

Directors' report (continued)

For the year ended 31 December 2020

Employment policies

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

The important parts of our Firm Culture are our entrepreneurial spirit, minimal bureaucracy and meritocracy regardless of age, sex, sexual orientation or ethnicity. Inclusive Diversity is one of our Core Values. We do not discriminate (or tolerate discrimination) based on age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (which includes colour, nationality and ethnic or national origins), religion or belief, sex or sexual orientation. Our Core Values represent a commitment to one another and are used to promote a transparent, open, diverse and inclusive workplace which offers fair treatment at work and a culture of mutual respect and dignity.

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

Political donations

No political donations were made in the year (2019: €Nil).

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 the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 group and the company and of the profit or loss of the group for that year.

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 applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Alvarez & Marsal Deutschland KG Holdings Limited

Directors' report (continued)

For the year ended 31 December 2020

Disclosure of information to auditor

So far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

Approved by the board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Stephen R Gate', with a large, stylized circular flourish at the end.

Stephen R Gate
Director
Date: 31 January 2022

Alvarez & Marsal Deutschland KG Holdings Limited

Independent auditor's report

To the members of Alvarez & Marsal Deutschland KG Holdings Limited

Opinion

We have audited the financial statements of Alvarez & Marsal Deutschland KG Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Total Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 group and the parent 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

In auditing the financial statements, we have concluded that the directors' 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 group's and the parent company'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 directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. 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.

Alvarez & Marsal Deutschland KG Holdings Limited

Independent auditor's report (continued)

To the members of Alvarez & Marsal Deutschland KG Holdings Limited

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.

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 their 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 statement of directors' responsibilities set out on page 10, 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.

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.

Alvarez & Marsal Deutschland KG Holdings Limited

Independent auditor's report (continued)

To the members of Alvarez & Marsal Deutschland KG Holdings Limited

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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the group and the parent company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: UK tax legislation, corruption and fraud, money laundering.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of facts by the group and the parent company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as: tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition and accrued income (which we pinpointed to the valuation and completeness assertions) subject to your revenue recognition significant fraud risk, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

Alvarez & Marsal Deutschland KG Holdings Limited

Independent auditor's report (continued)

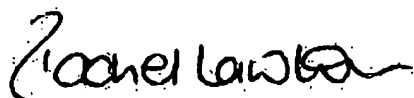
To the members of Alvarez & Marsal Deutschland KG Holdings Limited

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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.



Rachel Lawton (Senior Statutory Auditor)
For and on behalf of Mazars LLP,
Chartered Accountants and Statutory Auditor

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

Date: 31 January 2022

Alvarez & Marsal Deutschland KG Holdings Limited

Consolidated Statement of Comprehensive Income

As at 31 December 2020

	Notes	2020 €	2019 €
Turnover	3	59,029,312	58,705,943
Administrative expenses		(54,147,553)	(48,649,797)
Operating profit	4	4,881,759	10,056,146
Interest receivable and similar income	6	174,607	268,604
Interest payable and similar charges	7	(16,365)	(42,510)
Profit on ordinary activities before taxation		5,040,001	10,282,240
Tax (charge) on profit on ordinary activities	8	(2,276,406)	(3,947,423)
Profit for the year		2,763,595	6,334,817
Other comprehensive income		-	-
Total comprehensive income for the year		2,763,595	6,334,817

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

The notes on pages 24 to 42 form an integral part of these financial statements

Alvarez & Marsal Deutschland KG Holdings Limited**Consolidated balance sheet*****As at 31 December 2020***

	Notes	2020		2019	
		€	€	€	€
Fixed assets					
Goodwill	10		16,858,143		18,158,486
Tangible assets	11		165,557		135,462
Investments	12		-		-
			<u>17,023,700</u>		<u>18,293,948</u>
Current assets					
Debtors: Amounts falling due within one year	13	33,288,541		27,161,460	
Debtors: Amounts falling due after more than one year	13	-		6,326,285	
Cash at bank and in hand		1,201,893		21,169,172	
		<u>34,490,434</u>		<u>54,656,917</u>	
Creditors: amounts falling due within one year	14	(25,094,378)		(27,263,183)	
Net current assets			<u>9,396,056</u>		<u>27,393,734</u>
Total assets less current liabilities			<u>26,419,756</u>		<u>45,687,682</u>
Creditors: amounts falling due after more than one year	15		(49,078)		(249,823)
Provisions for liabilities and charges	16		(245,170)		(270,954)
Net assets			<u><u>26,125,508</u></u>		<u><u>45,166,905</u></u>

The notes on pages 24 to 42 form an integral part of these financial statements

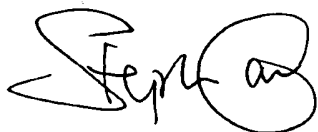
Alvarez & Marsal Deutschland KG Holdings Limited

Consolidated balance sheet (continued)

As at 31 December 2020

		2020		2019	
	Notes	€	€	€	€
Capital and reserves					
Called up share capital	18		179		179
Share premium account	19		20,000,000		39,098,383
Profit and loss account	19		6,125,329		6,068,343
Shareholders' funds			26,125,508		45,166,905

The financial statements were approved and authorised for issue by the board of directors and were signed on its behalf by:



Stephen R Gate

Director

Date: 31 January 2022

The notes on pages 24 to 42 form an integral part of these financial statements

Alvarez & Marsal Deutschland KG Holdings Limited**Company balance sheet*****As at 31 December 2020***

		2020		2019	
	Notes	€	€	€	€
Fixed assets					
Fixed asset investments	12		27,633,560		39,133,560
Current assets					
Debtors	13	18,018,076		10,376,397	
Cash at bank and in hand		-		-	
		18,018,076		10,376,397	
Creditors: amounts falling due within one year	14	(11,825,522)		(2,054,474)	
Net current assets			6,192,554		8,312,923
Total assets less current liabilities			33,826,114		47,455,483
Capital and reserves					
Called up share capital	18		179		179
Share premium account	19		20,000,000		39,098,383
Profit and loss account	19		13,825,935		8,356,921
Shareholders' funds			33,826,114		47,455,483

The financial statements were approved and authorised for issue by the board of directors and were signed on its behalf by:



Stephen R Gate

Director

Date: 31 January 2022

The notes on pages 24 to 42 form an integral part of these financial statements

Alvarez & Marsal Deutschland KG Holdings Limited
Consolidated statement of changes in equity
For the year ended 31 December 2020

	Equity attributable to equity share holders of the company			
	Called-up share capital	Share premium account	Profit and loss account	Total equity interests
	€	€	€	€
At 1 January 2019	179	39,098,383	(266,474)	38,832,088
Profit for the financial year ended 31 December 2019	-	-	6,334,817	6,334,817
Issue of share capital during the year ended 31 December 2019	-	-	-	-
Release of share premium account during the year ended 31 December 2019	-	-	-	-
Dividends paid on equity shares during the year ended 31 December 2019	-	-	-	-
At 31 December 2019	179	39,098,383	6,068,343	45,166,905
Profit for the financial year ended 31 December 2020	-	-	2,763,595	2,763,595
Issue of share capital during the year ended 31 December 2020	-	-	-	-
Release of share premium account during the year ended 31 December 2020	-	(19,098,383)	19,098,383	-
Dividends paid on equity shares during the year ended 31 December 2020	-	-	(21,804,992)	(21,804,992)
At 31 December 2020	179	20,000,000	6,125,329	26,125,508

Alvarez & Marsal Deutschland KG Holdings Limited
Company statement of changes in equity
For the year ended 31 December 2020

	Equity attributable to equity share holders of the company			
	Called-up share capital	Share premium account	Profit and loss account	Total equity interests
	€	€	€	€
At 1 January 2019	179	39,098,383	257,030	39,355,592
Profit for the financial year ended 31 December 2019	-	-	8,099,891	8,099,891
Issue of share capital during the year ended 31 December 2019	-	-	-	-
Release of share premium account during the year ended 31 December 2019	-	-	-	-
Dividends paid on equity shares during the year ended 31 December 2019	-	-	-	-
At 31 December 2019	179	39,098,383	8,356,921	47,455,483
Profit for the financial year ended 31 December 2020	-	-	8,175,623	8,175,623
Issue of share capital during the year ended 31 December 2020	-	-	-	-
Release of share premium account during the year ended 31 December 2020	-	(19,098,383)	19,098,383	-
Dividends paid on equity shares during the year ended 31 December 2020	-	-	(21,804,992)	(21,804,992)
At 31 December 2020	179	20,000,000	13,825,935	33,826,114

Alvarez & Marsal Deutschland KG Holdings Limited

Consolidated cash flow statement

For the year ended 31 December 2020

	Notes	2020 €	2020 €	2019 €	2019 €
Net cash flows from operating activities	1		1,744,977		11,015,374
Cash flows from investing activities					
Purchase of tangible fixed assets		(65,506)		(99,306)	
Proceeds from sale of tangible fixed assets		-		-	
Interest received		174,607		268,604	
Interest paid		(16,365)		(42,510)	
Net cash flow from investing activities			92,736		126,788
Cash flows from financing activities					
Equity dividends paid		(21,804,992)		-	
Proceeds from the issue of shares		-		-	
Net cash flow from financing activities			(21,804,992)		-
Net (decrease) / increase in cash and cash equivalents			(19,967,279)		11,142,162
Cash and cash equivalents at 1 January 2020			21,169,172		10,027,010
Effect of foreign exchange rate changes			-		-
Cash and cash equivalents at 31 December 2020			1,201,893		21,169,172
<i>Cash and cash equivalents comprise:</i>					
Cash at bank and in hand at 31 December 2020			1,201,893		21,169,172
Cash equivalents			-		-
Cash and cash equivalents at 31 December 2020			1,201,893		21,129,172
<i>Analysis of changes in net funds:</i>					
Opening net funds			21,169,172		10,027,010
(Decrease) / increase in cash in the year			(19,967,279)		11,142,162
Effect of foreign exchange rates			-		-
Closing net funds			1,201,893		21,169,172

Alvarez & Marsal Deutschland KG Holdings Limited

Notes to the consolidated cash flow statement

For the year ended 31 December 2020

1 Reconciliation of operating profit to net cash generated by operations

	2020 €	2019 €
Operating profit	4,881,759	10,056,146
Corporation tax recovered	4,579,014	569,537
Corporation tax paid	(10,455,947)	(5,717,949)
Provision for impairment of intangible fixed assets	-	-
Amortisation of intangible fixed assets	1,300,343	1,300,343
Depreciation of tangible fixed assets	35,411	24,112
Loss on disposal of tangible fixed assets	-	2
Operating cash flow before movement in working capital	340,580	6,232,191
Decrease / (increase) in debtors	917,863	(5,268,342)
Increase in creditors	486,534	10,051,525
Net cash generated by operations	1,744,977	11,015,374

2 Analysis of net funds

	2020 €	2019 €
Cash at bank and in hand	1,201,893	21,169,172
Bank overdraft	-	-
Net funds	1,201,893	21,169,172

3 Reconciliation of net cash flow to movement in net funds

	2020 €	2019 €
Opening net funds	21,169,172	10,027,010
(Decrease) / increase in cash in the period	(19,967,279)	11,142,162
Effect of foreign exchange rates	-	-
Closing net funds	1,201,893	21,169,172

4 Major non-cash transactions

There were no material non-cash transactions during 2020 or 2019.

Alvarez & Marsal Deutschland KG Holdings Limited

Notes to the financial statements

For the year ended 31 December 2020

General information

Alvarez & Marsal Deutschland KG Holdings Limited is a company incorporated in England and Wales under the Companies Act 2006. The nature of the group's operations and its principal activities are set out in the Strategic Report on pages 2 to 8. The addresses of the principal place of business and the company's registered office are set out on page 1.

1. Accounting policies

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

1.1 Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102) issued by the Financial Reporting Council.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its individual financial statements, which are presented alongside these consolidated financial statements. Exemptions have been taken in relation to the presentation of a separate cash flow statement for the company and disclosure of intra-group transactions.

The functional currency of Alvarez & Marsal Deutschland KG Holdings Limited is considered to be the Euro because this is the currency of the primary economic environment in which the company operates. The consolidated financial statements are also presented in Euro. Foreign currencies are included in accordance with the policies set out below.

1.2. Basis of consolidation

The group financial statements consolidate the financial statements of the company and all entities controlled by the company (its subsidiaries). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Subsidiaries are those entities in which the group, directly or indirectly, controls the composition of the board of directors, controls more than half the voting power or holds more than half of the issued share capital.

The results of subsidiaries acquired or disposed of during the period are included in the group profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group.

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

1.3 Going concern

The group's business activities, together with factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 8.

The group has operated profitably during the year under review and to ensure that it is able to meet its liabilities as they fall due, group undertakings have indicated that they will continue to provide sufficient financial support as is necessary for the foreseeable future. The company believes the strength of its current financial resources together with a diverse service offering to a range of clients across different geographic areas and industries leaves it well placed to manage its business going forward. This includes navigating the risks inherent in the current uncertain general economic outlook. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Alvarez & Marsal Deutschland KG Holdings Limited

Notes to the financial statements

For the year ended 31 December 2020

1. Accounting policies (continued)

1.4 Intangible assets - goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its estimated useful economic life, which is 15 years. Provision is made for any impairment.

1.5 Tangible fixed assets and depreciation

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

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

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

1.6 Financial instruments

The group and company apply the recognition and measurement provisions of Sections 11 and 12 of FRS 102. Financial assets and liabilities are recognised when the group 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 group after deducting all liabilities.

Financial assets and liabilities

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

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

Financial assets are derecognised when and only when the contractual rights to the cash flows from the financial asset expire or are settled, the group transfers substantially all of the risks and rewards of ownership of the financial asset to another party, or the group, 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.

Alvarez & Marsal Deutschland KG Holdings Limited

Notes to the financial statements

For the year ended 31 December 2020

1. Accounting policies (continued)

1.6 Financial instruments (continued)

Investments

The group's investments held as fixed assets are shown at cost less provision for impairment.

Equity instruments

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

1.7 Impairment of assets

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

Non-financial assets

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

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

Financial assets

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

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

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

1.8 Turnover and revenue recognition

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

Alvarez & Marsal Deutschland KG Holdings Limited

Notes to the financial statements

For the year ended 31 December 2020

1. Accounting policies (continued)

1.9 Leases

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

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

Rental income in respect of operating leases is recognised as other operating income in the statement of total comprehensive income on a straight line basis over the term of the lease.

1.10 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computations.

A net deferred tax asset is recognised only if 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 assets and liabilities are calculated at the tax rates that are expected to be effective when the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.11 Pensions

Group companies contribute to defined contribution pension policies held individually by directors and employees. Contributions to these funds are charged to the profit and loss account as and when they fall due.

1.12 Foreign currencies

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

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

Exchange gains and losses are recognised in the profit and loss account.

The assets and liabilities of overseas subsidiary undertakings are translated into Euro at the rate of exchange ruling at the balance sheet date. The results of overseas subsidiary undertakings are translated into Euro at the average rates of exchange for the accounting period. Exchange differences arising are reported in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

The principal exchange rates used at the balance sheet date were €1 = £0.9028 (2019: €1 = £0.8543) and €1 = US\$1.2301 (2019: €1 = US\$1.1199).

Alvarez & Marsal Deutschland KG Holdings Limited

Notes to the financial statements

For the year ended 31 December 2020

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's and company's accounting policies, the directors 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.

During the period to 31 December 2020, the critical judgements made by the directors in applying the group's and company's accounting policies and the key areas of estimation uncertainty have related to revenue recognition, the impairment of investments and goodwill and the impairment of financial assets.

The value of certain of the group's and company's contracts for the ongoing supply of services can be dependent upon the amount of costs incurred in performing these services and, in order to apply the company's policy for the recognition of revenue from such contracts that are partially complete at the balance sheet date, the directors must assess both the proportion of the contract that has been completed and the total contract value that this represents. If there is no reliable alternative evidence, the directors have estimated the revenue to be recognised in the financial statements from such contracts at 60% of the total costs that had been incurred at the balance sheet date in performing the services.

During the year ended 31 December 2020 the company's subsidiary undertaking, Alvarez & Marsal Deutschland GmbH, paid a special interim dividend of €15,470,175 (2019: €Nil) distributing surplus reserves. The company's own dividend payments to its members are as set out in Note 9. The company carried out an impairment review of its subsidiary undertakings at 31 December 2020 that indicated that the subsidiaries are operating profitably and are expected to continue to do so for the foreseeable future, but that the dividend payment referred to above had resulted in an impairment in the carrying value of the company's investments in subsidiary undertakings of €11,500,000 (2019: €Nil).

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating business units to which the goodwill has been allocated. The value in use calculation requires the company to estimate future cash flows expected to arise from the cash-generating business unit and a suitable discount rate in order to calculate present value. Provisions for impairment losses have been made in the group's financial statements for the year ended 31 December 2020 amounting to €nil (2019: €nil).

Unless there is reliable evidence to the contrary, the directors have estimated that no amounts will be recovered from any trade debtors that have been outstanding for a period in excess of twelve months from the due settlement dates and impairment losses have been recognised accordingly. In applying this judgement, provisions for impairment losses have been made in the group's financial statements for the year ended 31 December 2020 amounting to €402,748 (2019: €445,331).

In preparing the financial statements for the year ended 31 December 2020, the directors have had to make judgements, estimates and assumptions regarding the impact of the global coronavirus pandemic on the company's activities and operations. The directors' consideration of these matters is disclosed in detail in the Strategic Report on pages 2 to 8.

Alvarez & Marsal Deutschland KG Holdings Limited

Notes to the financial statements

For the year ended 31 December 2020

3. Turnover and revenue

The group's turnover represents the value, excluding VAT and trade discounts, of services provided to clients during the year. The directors consider the group's activities to represent a single class of business. The group's turnover for 2020 and 2019 arises from entirely from activities in Germany.

An analysis of the group's total revenue by category for the year is as follows:

	2020	2019
	€	€
Amounts categorised as turnover		
Revenue from services provided to clients	59,029,312	58,705,943
Amounts categorised as interest receivable (see note 6)	174,607	268,604

4. Operating profit

	2020	2019
	€	€
Operating profit is stated after charging / (crediting):		
Auditor's remuneration – audit – parent company	8,831	7,959
Auditor's remuneration – audit – subsidiary undertakings	46,243	83,080
Auditor's remuneration – company secretarial services	-	-
Provision for bad and doubtful debts	402,748	445,331
Loss / (profit) on foreign exchange transactions	58,834	90,335
Operating lease rentals – land and buildings	1,051,321	865,983
Operating lease rentals – other	217,844	135,177
Amortisation – intangible fixed assets	1,300,343	1,300,343
Provisions for impairment in the value of goodwill	-	-
Depreciation of tangible fixed assets	35,411	24,112
Loss on disposal of tangible fixed assets	-	2

The group leases premises that are jointly occupied the subsidiary undertakings The total future minimum lease payments under these contracts at 31 December 2020 were:

	2020	2019
	€	€
Amounts due within one year	1,116,210	686,058
Amounts due within two and five years	1,571,645	1,762,125
Amounts due after more than five years	-	-
Total minimum future lease payments	2,687,855	2,448,183

Alvarez & Marsal Deutschland KG Holdings Limited

Notes to the financial statements

For the year ended 31 December 2020

4. Operating profit (continued)

Group undertakings lease plant and equipment that is jointly used by fellow subsidiary undertakings including fellow subsidiary undertakings outside of this group. Operating lease rentals – other include the group's share of the rental costs of these jointly used leased assets (see Note 22). The total future minimum lease payments under these contracts at 31 December 2020 were:

	2020	2019
	€	€
Amounts due within one year	1,894,539	1,186,636
Amounts due within two and five years	2,516,856	1,218,339
Total minimum future lease payments	<u>4,411,395</u>	<u>2,404,975</u>

The group's share of the total future minimum lease payments under these contracts at 31 December 2020 was:

	2020	2019
	€	€
Amounts due within one year	331,770	112,671
Amounts due within two and five years	595,701	73,973
Total minimum future lease payments	<u>927,471</u>	<u>186,644</u>

5. Directors and employees

	2020	2019
The average number of staff employed by the group during the year, including directors was as follows:	Number	Number
Professional services and support staff	145	108
Staff costs during the year were:		
Wages and salaries	31,881,285	25,757,549
Social security costs	2,140,929	1,394,108
Pension costs	170,096	62,175
	<u>34,192,310</u>	<u>27,213,832</u>

Directors' emoluments in respect of services to the company during the year amounted to €Nil (2019: €Nil).

Alvarez & Marsal Deutschland KG Holdings Limited

Notes to the financial statements

For the year ended 31 December 2020

6. Interest receivable and similar income

	2020	2019
	€	€
Bank interest	-	117
Interest on overpaid taxation	123	2,349
Other interest receivable	2,800	-
Interest on intercompany loan	171,684	266,138
	<u>174,607</u>	<u>286,604</u>

7. Interest payable and similar charges

	2020	2019
	€	€
Bank interest	14,772	-
Interest on overdue taxation	-	42,248
Other interest	1,593	262
	<u>16,365</u>	<u>42,510</u>

8. Taxation

	2020	2019
	€	€
Current year		
United Kingdom corporation tax	-	-
Foreign corporation taxes	2,401,912	4,052,451
	<u>2,401,912</u>	<u>4,052,451</u>
Prior periods		
United Kingdom corporation tax	-	-
Foreign corporation taxes	(99,722)	16,126
Current tax charge for the period	<u>2,302,190</u>	<u>4,068,577</u>
Deferred tax		
Origination and reversal of timing differences	(25,784)	(121,154)
Tax charge / (credit) on profit on ordinary activities	<u>2,276,406</u>	<u>3,947,423</u>

Alvarez & Marsal Deutschland KG Holdings Limited

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For the year ended 31 December 2020

8. Taxation (continued)

The UK corporation tax rate in force and the effective corporation tax rate for the year ended 31 December 2020 was 19% (2019: 19%).

Following the enactment of the Finance Act 2016 in September 2016, the UK corporation tax rate expected to apply from 1 April 2020, based on legislation enacted by 31 December 2019 was reduced to 17%. Following the enactment of the Finance Act 2020 in July 2020, this reduction was overturned and a rate of 19% was reinstated. Where appropriate, these rates have been taken into account in calculating deferred tax assets and liabilities at the rates that are expected to apply when timing differences are expected to reverse.

Since the balance sheet date, the Finance Act 2021 has been enacted increasing the rate of UK Corporation Tax to 25% with effect from 1 April 2023. As this legislation had not been substantively enacted at 31 December 2020 this new rate has not been taken into account in the company's deferred tax calculations.

The losses of certain of the company's subsidiary undertakings have been carried forward for relief against future profits. At current rates of corporation tax in the relevant countries the deferred tax assets in respect of these losses at 31 December 2020 amounted to €445 (2019: €3,657). These deferred tax assets have not been recognised in these financial statements as their recovery is contingent upon the future profitability of the subsidiary undertakings, the timing of which is uncertain.

The tax for the year is different from that which would result from applying the effective rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020	2019
	€	€
Profit on ordinary activities before tax	5,040,001	10,282,240
Profit on ordinary activities multiplied by effective rate of corporation tax in the UK of 19% (2019: 19%)	957,600	1,953,626
Effects of:		
Different tax rates on overseas earnings	2,184,784	2,029,388
Changes in the rate of UK corporation tax	-	-
Double tax relief available for overseas taxes	(1,238,969)	(384,200)
Increase / (decrease) in deferred tax assets not recognised in respect of unrelieved losses	(3,212)	603
Amortisation of goodwill	247,065	247,065
Other expenses not deductible / (income not taxable)	228,860	84,815
Prior period (over) / under provision	(99,722)	16,126
Tax charge / (credit) on profit on ordinary activities	2,276,406	3,947,423

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For the year ended 31 December 2020

9. Dividends on equity shares

	2020	2019
	€	€
Amounts recognised as distributions to equity holders were as follows:		
Class A Ordinary Shares Special Interim dividend	15,470,175	-
Class A Ordinary Shares Interim dividend for the year ended 31 December 2020	5,039,307	-
Class B Ordinary Shares Interim dividend for the year ended 31 December 2020	784,389	-
Class C Ordinary Shares Interim dividend for the year ended 31 December 2020	511,121	-
	<u>21,804,992</u>	<u>-</u>

10. Intangible fixed assets - Goodwill

Group	€
<i>Cost</i>	
At 1 January 2020	19,817,097
Additions	-
At 31 December 2020	<u>19,817,097</u>
<i>Amortisation</i>	
At 1 January 2020	1,658,611
Charge for the year	1,300,343
At 31 December 2020	<u>2,958,954</u>
<i>Net book value</i>	
At 31 December 2020	<u>16,858,143</u>
At 31 December 2019	<u>18,158,486</u>

The company has no intangible fixed assets.

Alvarez & Marsal Deutschland KG Holdings Limited

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11. Tangible fixed assets

Group	<i>Leasehold land and buildings</i> €	<i>Plant and machinery</i> €	<i>Fixtures, fittings and equipment</i> €	<i>Total</i> €
<i>Cost</i>				
At 1 January 2020	113,811	81,393	174,785	369,989
Additions	52,274	-	13,232	65,506
Disposals	(40,619)	(68,491)	(95,156)	(204,266)
At 31 December 2020	<u>125,466</u>	<u>12,902</u>	<u>92,861</u>	<u>231,229</u>
<i>Depreciation</i>				
At 1 January 2020	47,488	78,367	108,672	234,527
Charge for the year	21,314	1,538	12,559	35,411
Disposals	(40,619)	(68,491)	(95,156)	(204,266)
At 31 December 2020	<u>28,183</u>	<u>11,414</u>	<u>26,075</u>	<u>65,672</u>
<i>Net book value</i>				
At 31 December 2020	<u>97,283</u>	<u>1,488</u>	<u>66,786</u>	<u>165,557</u>
At 31 December 2019	<u>66,323</u>	<u>3,026</u>	<u>66,113</u>	<u>135,462</u>

The company has no tangible fixed assets.

12. Fixed asset investments

Company	<i>Subsidiary undertakings</i> €
<i>Cost</i>	
At 1 January 2020	39,133,560
Additions	-
Disposals	-
At 31 December 2020	<u>39,133,560</u>
<i>Provisions for diminution in value</i>	
At 1 January 2020	-
Provisions in the year	11,500,000
At 31 December 2020	<u>11,500,000</u>
<i>Net Book Value</i>	
At 31 December 2020	<u>27,633,560</u>
At 31 December 2019	<u>39,133,560</u>

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12. Fixed asset investments (continued)

During the year ended 31 December 2020 the company's subsidiary undertaking, Alvarez & Marsal Deutschland GmbH, paid a special interim dividend of €15,470,175 (2019: €Nil) distributing surplus reserves. The company's own dividend payments to its members are as set out in Note 9 above.

The company carried out an impairment review of its subsidiary undertakings at 31 December 2020 that indicated that the subsidiaries are operating profitably and are expected to continue to do so for the foreseeable future, but that the dividend payment referred to above had resulted in an impairment in the carrying value of the company's investments in subsidiary undertakings of €11,500,000 (2019: €Nil).

At 31 December 2020 the group holds more than 20% of the equity capital of the following subsidiary undertakings:

Name	Country of Incorporation	Class of shares	Holding	Nature of Business
Held by the company				
Alvarez & Marsal Deutschland General Partner GmbH	Germany	Ordinary	100%	General partner
Alvarez & Marsal Deutschland Partnership GmbH & Co. KG	Germany	Members Capital	100%	Business and management consultancy services
Held by other group undertakings				
Alvarez & Marsal Deutschland GmbH	Germany	Ordinary	100%	Business and management consultancy services
Alvarez & Marsal Disputes and Investigations GmbH	Germany	Ordinary	100%	Business and management consultancy services
Alvarez & Marsal Transaction Advisory GmbH	Germany	Ordinary	100%	Business and management consultancy services

The registered address of each of Alvarez & Marsal Deutschland General Partner GmbH, Alvarez & Marsal Deutschland Partnership GmbH & Co. KG, Alvarez & Marsal Deutschland GmbH, Alvarez & Marsal Disputes and Investigations GmbH and Alvarez & Marsal Transaction Advisory GmbH is Thierschplatz 6, D-80538, Munich, Germany.

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13. Debtors

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
Amounts falling due within one year				
Trade debtors	6,200,912	3,720,980	-	-
Amounts recoverable on contracts	7,111,558	7,300,182	-	-
Amounts due from group undertakings	15,748,122	13,364,011	15,095,785	10,376,397
Corporation tax recoverable	2,922,559	342,530	2,922,291	-
Other debtors	1,040,472	2,203,900	-	-
Prepayments and accrued income	264,918	229,857	-	-
	<u>33,288,541</u>	<u>27,161,460</u>	<u>18,018,076</u>	<u>10,376,397</u>
Amounts falling due after more than one year				
Amounts due from group undertakings	-	6,326,285	-	-
	<u>33,288,541</u>	<u>33,487,745</u>	<u>18,018,076</u>	<u>10,376,397</u>

14. Creditors: Amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
Trade creditors	1,489,315	941,990	-	-
Amounts due to group undertakings	18,439,423	15,226,582	11,808,142	69,785
Corporation tax	1,243,946	4,100,029	-	1,967,226
Other taxation and social security	149,511	3,580,468	-	-
Other creditors	12,899	92,868	-	-
Accruals and deferred income	3,759,284	3,321,246	17,380	17,463
	<u>25,094,378</u>	<u>27,263,183</u>	<u>11,825,522</u>	<u>2,054,474</u>

15. Creditors: Amounts falling due after more than one year

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
Accruals and deferred income	49,078	249,823	-	-

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For the year ended 31 December 2020

16. Provisions for liabilities and charges

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
Deferred tax liability	245,170	270,954	-	-

Deferred tax is made up as follows:

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
(Liability) at 1 January	(270,954)	(392,108)	-	-
Acquisition of subsidiary undertakings	-	-	-	-
Credit / (charge) for the year	25,784	121,154	-	-
(Liability) at 31 December	(245,170)	(270,954)	-	-

The deferred tax (liability) is made up as follows:

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
Decelerated capital allowances	-	-	-	-
Other timing differences – profits not chargeable to taxation in the current period	(245,170)	(270,954)	-	-
Unrelieved tax losses	-	-	-	-
Balance at 31 December 2020	(245,170)	(270,954)	-	-

Deferred tax assets and liabilities are offset only where the group has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity. Group undertakings had no net deferred tax assets at 31 December 2020 or 2019.

Alvarez & Marsal Deutschland KG Holdings Limited

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17. Financial instruments

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

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
Financial assets				
<i>Measured at undiscounted amount receivable</i>				
Trade and other debtors	17,540,419	13,797,449	2,922,291	-
Amounts due from related undertakings	15,748,122	19,690,296	15,095,785	10,376,397
Cash at bank and in hand	1,201,893	21,169,172	-	-
<i>Equity instruments measured at cost less impairment</i>				
Fixed asset investments	-	-	27,633,560	39,133,560
	34,490,434	54,656,917	45,651,636	49,509,957
Financial liabilities				
<i>Measured at undiscounted amount payable</i>				
Trade and other creditors	6,704,033	12,286,424	17,380	1,984,689
Amounts owed to related undertakings	18,439,423	15,226,582	11,808,142	69,785
	25,143,456	27,513,006	11,825,522	2,054,474

The group and the company account for interests in subsidiary as detailed in the policies set out in note 1. Full details of the carrying values of interests in subsidiary undertakings are given in Note 12.

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

	Group	
	2020	2019
	€	€
Interest income / (expense)		
Total interest income for financial assets measured at undiscounted amount receivable	174,607	268,604
Total interest expense for financial assets measured at undiscounted amount payable	(16,365)	(42,510)
Impairment gains / (losses)		
<i>On financial assets measured at undiscounted amount receivable</i>		
(Provision) for bad and doubtful debts	(402,748)	(445,331)
Net foreign exchange (losses) / gains on the revaluation of financial assets and liabilities	(58,834)	(90,335)

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18. Called up share capital

Group and company	2020	2019
	€	€
Allotted, called up and fully paid		
50 Class A Ordinary share of £1	55	55
50 Class B Ordinary shares of £1 each	68	68
50 Class C Ordinary shares of £1 each	56	56
	<u>179</u>	<u>179</u>

The company has issued issued Class A Ordinary shares of £1 each, Class B Ordinary shares of £1 each and Class C Ordinary shares of £1 each as consideration for the acquisition of the whole of the issued capital of Alvarez & Marsal Deutschland GmbH, Alvarez & Marsal Disputes and Investigations GmbH and Alvarez & Marsal Transaction Advisory GmbH respectively from fellow subsidiaries of Alvarez & Marsal Holdings LLC.

The company's Articles of Association require that the directors have due regard to the amounts paid in the form of dividends by specific subsidiary undertakings when making recommendations as to distributions to be paid to the holders of Class A Ordinary shares, Class B Ordinary shares and Class C Ordinary shares. In all other respects Class A Ordinary shares, Class B Ordinary shares and Class C Ordinary shares carry equal rights as regards voting, distributions and repayment of capital in the event of a winding up.

19. Other reserves

The share premium reserve represents the premium arising on the issue of equity shares.

The profit and loss reserve represents cumulative profits to 31 December 2020.

20. Financial commitments

As at 31 December 2020 and 2019, the group and company had no capital commitments.

Commitments under operating lease contracts are set out in Note 4.

21. Results of the parent company

As permitted by section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The profit of the company for the year amounted to €8,175,623 (2019: €8,099,891). The company did not have any amounts of other comprehensive income during the years ended 31 December 2020 and 31 December 2019.

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22. Related party transactions

The company has taken advantage of the exemptions under FRS102 from disclosing transactions with and between group undertakings included within these consolidated financial statements.

During the year, the company and its subsidiary undertakings entered into the following transactions with related parties:

	2020	2019
	€	€
Transactions with the ultimate parent company, Alvarez & Marsal Holdings LLC		
Fees (payable) for the provision of administrative support services	(2,415,226)	(2,358,664)
Fees receivable for business referrals and the provision of expertise and staffing support	246,098	-
Fees (payable) for business referrals and the provision of expertise and staffing support	(142)	(319)
Rental and other premises costs receivable for the use of leased offices	8,995	-
Share of rental costs receivable for other leased assets	612	-
Transactions with the company's shareholders, Alvarez & Marsal Europe Holdings Limited, Alvarez & Marsal GFD-Europe Holdings Limited and Alvarez & Marsal TAG-Europe Holdings Limited		
Dividends paid	(21,804,992)	-
Transactions with fellow subsidiary undertakings of Alvarez & Marsal Holdings LLC		
Fees receivable for business referrals and the provision of expertise and staffing support	10,819,650	8,902,633
Fees (payable) for the provision of administrative support services	(638,157)	(534,430)
Fees (payable) for business referrals and the provision of expertise and staffing support	(6,654,206)	(6,905,166)
Fees (payable) for the provision of taxation compliance services	(7,522)	(955)
Fees (payable) for the provision of staff recruitment services	(106,810)	(248,070)
Fees (payable) for the provision of data protection regulations advisory services	-	(16,067)
Fees (payable) for the provision of business consultancy services	(3,607)	(2,423)
Rental and other premises costs receivable / (payable) for the use of leased offices	21,327	20,302
Share of rental costs for other jointly leased assets	(106,224)	(121,804)
Interest receivable on intercompany loans	171,684	266,138

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22. Related party transactions (continued)

The key management personnel of the group during the year ended 31 December 2020 were the directors of the company. The total remuneration for key management personnel for the year ended 31 December 2020 was €Nil (2019: €Nil).

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

At 31 December 2020 the following net amounts were owed by / (to) related parties:

Group

	2020	2019
	€	€
Amounts due (to) / from controlling parties		
Alvarez & Marsal Holdings LLC	(13,319,757)	(2,598,569)
Amounts due from / (to) entities that have significant influence over the group		
Amounts due from the company's Class A, Class B and Class C shareholders	9,054,687	12,114,315
Amounts due to the company's Class A, Class B and Class C shareholders	(4,433,563)	(232,597)
Other related parties		
Fellow subsidiary undertakings of Alvarez & Marsal Holdings LLC	6,007,332	(4,819,435)

Company

	2020	2019
	€	€
Amounts due (to) / from controlling parties and undertakings that have significant influence over the company		
Alvarez & Marsal Holdings LLC	(11,750,529)	(12,172)
Amounts due from the company's Class A, Class B and Class C shareholders	1	1
Amounts due to the company's Class A, Class B and Class C shareholders	(34,749)	(34,749)
Amounts due (to) / from subsidiary undertakings		
Amounts due to subsidiary undertakings	(10,000)	(10,000)
Amounts due from subsidiary undertakings	15,095,784	10,376,396
Other related parties		
Fellow subsidiary undertakings of Alvarez & Marsal Holdings LLC	(12,864)	(12,864)

Inter-company loans for specific projects or transactions are subject to formal loan agreements and bear interest at a commercial rate. All other balances due to or from related parties are unsecured, interest free and repayable on demand.

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23. Controlling parties

The company's ultimate parent company is Alvarez & Marsal Holdings LLC, a company formed in the United States of America. The ultimate controlling parties are Antonio C Alvarez II and Bryan P Marsal.