

L.E.K. Consulting LLP
Annual Report and financial statements
for the year ended 31 March 2025

Register no. OC300277

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Members' Report

The members present their annual report, together with the financial statements and auditors' report, for the year ended 31 March 2025. L.E.K. Consulting LLP is registered in England and Wales and is incorporated as a Limited Liability Partnership under the Limited Liability Partnerships Act 2000.

Review of the business

L.E.K. Consulting LLP (L.E.K., the Partnership) is part of L.E.K. Consulting Group Ltd (the Group), providing strategy consulting services around the world. The Partnership is directly owned by L.E.K. Consulting UK Limited, a company incorporated in the United Kingdom of Great Britain and Northern Ireland and registered in England and Wales.

During the previous financial period, the Partnership changed its accounting reference date to 31 March 2024. The current year reflects results for the 12 months to 31 March 2025. This change was made following the UK Government's basis year reforms that look to align the taxation of the Partnership to the UK tax year. As such the Partnership aligned its year end with the UK tax year.

During the current year, the Partnership traded well in challenging conditions considering the implications of global economic and political uncertainty. Although revenue decreased by 6% on a comparable full year basis, this was considered satisfactory. Operating profit margin fell slightly from 30.9% to 30.2% while remaining constant in absolute terms.

Future developments

Looking to the financial year to March 2026 and the 2026 calendar year in general, the UK and global economic and political conditions persist and will continue to impact trading in the markets in which the Partnership operates. However, the members regard the financial position at the end of the year to be satisfactory and expect the Partnership to continue trading at similar levels of income for the foreseeable future.

Designated members

The designated members, as defined in the Limited Liabilities Partnership Act 2000, who served throughout the year, except where noted, and up to the date of this report, were:

L.E.K. Consulting UK Limited
JC Heskett
MM Gordon

Financial risk management objectives and policies

The main source of risk affecting the Partnership is competition in the market (see below under "Principal risks and uncertainties" for details). Additionally, the Partnership's activities expose it to a number of financial risks including credit risk, liquidity risk and currency risk.

Credit risk

The Partnership's principal financial assets are bank balances, trade and other receivables. The Partnership's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of the estimated credit losses. The Partnership has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long-term and short-term debt finance on which the Partnership can draw. The members believe these combined risks do not affect the Partnership's ability to trade as a going concern.

Currency risk

The Partnership is exposed to translation and transaction foreign currency risk. The Partnership does not use foreign exchange forward contracts to hedge these exposures as these risks are addressed by the Group and applied according to changes in market conditions.

Members' Report (continued)

Key performance indicators

L.E.K. employs many key performance indicators at an individual project level and for the firm as a whole. The members of the Partnership are of the view that performance on all key measures over the financial year was satisfactory. The firm's key measures are:

- Revenues, down 6% on an annualized basis to £115.5m;
- Operating profit, down £0.1m from £35.0m to £34.9m.

Working Capital

Cash balances and working capital are monitored closely. During the year:

- Bank balances decreased from £1.0m to £0.8m;
- Trade debtors decreased by £3.1m to £13.7m;
- Accrued income increased by £0.6m to £12.2m.

Principal risks and uncertainties

The management consultancy business is very competitive. The Partnership aims to have strong relationships with its clients and offers a variety of services and this, the members believe, puts the Partnership in a strong position to meet the needs of the market. The Partnership has a diversified client base in terms of sector and geography and does not have substantive revenue tied to a particular client. In 2025, the Partnership's 10 largest clients accounted for 16% of revenues (2024 – 17%).

The members considered the impact of the wars in Ukraine and the Middle East and concluded that the direct impact was not material due to the firm not having a presence in those areas but were aware that some clients may have some exposure.

The members also considered the recent volatility in inflation rates, interest rates and the cost of living. In light of the inflationary increases on the Partnership's cost base, the members seek to continue to invest in the firm's people, continuously reviewing discretionary and other expenditure.

Going concern

The members have, at the time of approving the financial statements, a reasonable expectation that the Partnership and the Group have adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of these financial statements. The members have reviewed the forecasts that cover the period beyond the going concern period to June 2030 and consider that the Partnership and the Group will continue to generate operating profit and positive cashflow. Sensitivity analysis has been performed on revenues and cash flows and even in the event of a significant downturn in trading, the Partnership and the Group will continue to be able to meet their liabilities as they fall due and its banking covenants. Additional cash flow measures are available to the Partnership including the delay or non-payment of member and senior staff bonuses.

In addition to this assessment, on 8 June 2025, the Directors of the Group agreed a new \$245 million funding facility (\$105m term loan and \$140m revolving credit facility (RCF)) replacing the existing \$167m RCF, which was due to expire in June 2026. This will provide additional liquidity and financial flexibility, but under similar banking covenants. This new funding will provide the Partnership and Group financing through to June 2029.

The members have, therefore, concluded that it is appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Policy with respect to members' drawings and members' capital

The members' policy on drawings is dependent on L.E.K.'s working capital requirements. A conservative level of monthly drawings is set and further distributions are made from time to time as prudent working capital requirements allow. members' drawings in 2025 were £32.1m (2024: £18.9m).

Streamlined energy and carbon reporting

UK law requires companies to report certain greenhouse gas (GHG) emissions from their UK operations under the SECR.

Members' Report (continued)

In determining energy use, the firm followed the GHG Protocol Corporate Standard, Scope 1 and 2 Guidance and Corporate Value Chain (Scope 3) Accounting and Reporting Standard guidelines. Emissions have been calculated using a combination of data provided by suppliers, Conversion Factors published by the UK Government's Department for Business, Energy & Industrial Strategy and internal analysis.

The direct emissions in the table below are as a result of the combustion of gas in providing power to heating and cooling units in rented office premises. The company does not provide fuel for transport.

		December 2024 tCO2e	December 2023 tCO2e
Scope 1	Direct emissions	42	42
Scope 2	Indirect emissions		
	- location based	44	68
	- market based	17	21
	Total scope 2 (market-based)	17	21
Scope 3	Other indirect		
	- business travel	1,618	1,734
	- other business activities	1,275	1,754
	Total scope 3	2,893	3,488
Total emissions		2,952	3,551
Total energy consumption (KWH'000)		308	342
Intensity ratio: tonnes CO2e per £m revenue		30.6	39.6
Intensity ratio: tonnes CO2e per employee		6.6	7.9

Our emissions calculations have been verified to reasonable assurance ISO 14064 by an external independent environmental consultancy. As we transition to a lower-carbon business model, L.E.K. will continue to purchase high-quality carbon credits to complement our decarbonisation initiatives, increasing the proportion of removal credits over time and keeping our certification as a CarbonNeutral® company. We carefully assess the projects we support, both for their emissions reductions and their alignment with UN SDGs, as we work toward meeting our target of 100% removals by 2030.

L.E.K.'s environmental policy expects all L.E.K. employees, contractors and suppliers to apply the following key principles in their work activities:

- We will become more energy efficient and reduce our carbon emissions consistent with our commitments to the Science Based Targets initiative (SBTi);
- We will buy and use natural resources in a responsible and sustainable manner respecting our planet, including our oceans, forests, land use, water systems, biodiversity and minimising air pollution;
- We will adopt a hierarchical approach to the elimination of waste and encourage the circular economy by focusing on prevention, re-use, recycling, recovery, or, as a last resort, disposal; and seek to reduce the volume of waste we produce;
- We will influence beyond our own footprint through client work that has positive environmental impact for the planet;
- We will provide training and communication for employees to increase awareness, understanding and technical knowledge to deliver our environmental improvement goals;
- We will seek to work with our suppliers and our value chain to improve their own environmental performance and operate collaboratively to support L.E.K. in meeting our environmental targets;

Members' Report (continued)

- We will comply with all relevant environmental legislation and regulatory requirements; and,
- We will transparently report on our performance against our environmental objectives and targets.

In 2024, we maintained our commitment to power our offices globally with 100% renewable electricity, continuing this goal that we first delivered in 2022. This was achieved through moving to renewable electricity contracts for our offices where possible and purchasing Energy Attribute Certificates where we were unable to procure directly. We plan to continue to source 100% renewable electricity across our operations in the future. In 2024, our combined global scope 1 & 2 emissions were ~66% lower than our 2019 base year.

Business travel is the largest driver of L.E.K.'s Scope 3 carbon emissions. L.E.K. saw significant changes in travel behaviour during COVID-19. While travel has resumed post-COVID, virtual meetings have become standard business practice and L.E.K. team members are flying less for internal purposes and collaborating with our clients to reduce flights for face-to-face meetings. These changes in travel patterns have driven a global 62% per headcount reduction in Scope 3 business travel emissions between 2019 and 2024.

The Group has had its decarbonisation targets validated by the Science Based Targets initiative (SBTi). To meet our SBTi goals, we have created a decarbonisation transition plan which includes an ambitious set of multi-year sustainability objectives and targets approved by the L.E.K. Board.

L.E.K. is committed to advancing the United Nations Sustainable Development Goals (SDGs), the global framework for driving progress toward a more sustainable future. Actively working toward the SDGs is critical to our firm's commitment to employees, clients, society, and the planet.

We have an active network of GoingGreener Committees and individuals who lead these efforts as our "GoingGreener Champions" in each office. These committees play a vital role in making L.E.K. more sustainable by organising initiatives and events, raising environmental awareness, and supporting local environmental organisations. In 2024, we held numerous events in our offices across all regions to educate and engage staff across various sustainability topics, including inviting external trainers to educate on environmental topics, hosting global sustainability lunch and learns, screening documentaries and running field trips. We delivered environmental training on topics such as climate change, decarbonisation and responsible resource usage to all our staff.

On Earth Day in 2022, we announced the launch of the inaugural Green Innovation Fund, an internal competition for all employees to submit local proposals with positive impact on emissions, biodiversity, or waste reduction. In 2024 the winners were the Paris office to attain the 'Entreprise pro Velo' label and the Mumbai office to develop an application to promote ride-sharing and reduce office-based waste.

Furthermore, since 2021, L.E.K. has planted a tree for every past and current team member globally through our partnership with Tree-Nation. We now have nearly 11,500 trees in our "L.E.K. forest" in Shoshone National Park, Wyoming, USA and in Senegal. Our support of this project is in addition to our formal offsetting strategy and connects our L.E.K. community to combating climate change through reforestation.

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved and signed on behalf of the members.



M.M.Gordon
Designated Member
160 Victoria Street
London
SW1E 5LB

5 December 2025

Statement of members' responsibilities

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 year. 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 L.E.K. Consulting LLP for the year ended 31 March 2025

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of L.E.K Consulting LLP (the limited liability partnership):

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 March 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in member's interests; and
- the related notes 1 to 17.

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 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 Financial Reporting Council's (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 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 year 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The members are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Independent Auditor's Report to the members of L.E.K. Consulting LLP for the year ended 31 March 2025 (continued)

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.

Responsibilities of members

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered 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.

We considered the nature of the limited liability partnership's industry and its control environment and reviewed the limited liability partnership's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the members about their own identification and assessment of the risks of irregularities, including those that are specific to the limited liability partnerships' business sector.

We obtained an understanding of the legal and regulatory frameworks that the limited liability partnership operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included These included the UK Companies Act (as applied to limited liability partnerships), pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the limited liability partnership's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team, including IT, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our procedures performed to address it are described below:

- We identified a significant risk due to fraud of the recognition of revenue in the incorrect period due to the variable length of projects and the judgement required to determine the stage of completion. We reviewed the year end schedules and tied them to the trial balance, reviewed the letters of engagement, recalculated the stage of completion based on timesheet data and agreed a sample of invoices to the cash receipts.

Independent Auditor's Report to the members of L.E.K. Consulting LLP for the year ended 31 March 2025 (continued)

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships. 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.

Signed by:

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John Childs BSc, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

5 December 2025

Profit and Loss Account
For the year ended 31 March 2025

	Notes	Year ended 31 March 2025 £'000	11 months ended 31 March 2024 £'000
Revenue	3	<u>115,477</u>	<u>113,192</u>
Administrative expenses:			
Staff costs	5	(46,761)	(42,350)
Depreciation and amortisation		(874)	(867)
Other operating expenses		<u>(32,956)</u>	<u>(35,021)</u>
		<u>(80,591)</u>	<u>(78,238)</u>
Operating profit		34,886	34,954
Bank interest receivable		590	159
Bank interest payable		(7)	(19)
Share based payments	13	<u>(1,814)</u>	<u>(2,606)</u>
Profit for the financial period before members' remuneration and profit shares		33,655	32,488
Members' remuneration charged as an expense		<u>(10,977)</u>	<u>(9,953)</u>
Profit for the financial period available for discretionary distribution among members	4	<u><u>22,678</u></u>	<u><u>22,535</u></u>

All the above results were from continuing activities.

There are no items of comprehensive income in the current year or preceding year other than those disclosed in the profit and loss account. Accordingly, no statement of comprehensive income is presented in these financial statements.

Balance Sheet
As at 31 March 2025

	Note	March 2025 £'000	March 2024 £'000
Fixed assets			
Tangible assets	7	1,444	1,747
Intangible assets	8	533	759
Amounts due from related party undertakings	9	21,751	15,875
		<u>23,728</u>	<u>18,381</u>
Current assets			
Trade and other receivables	9	34,036	35,466
Cash and bank balances		812	1,028
		<u>34,848</u>	<u>36,494</u>
Creditors: amounts falling due within one year	10	(14,834)	(16,346)
Net current assets		<u>20,014</u>	<u>20,148</u>
Total assets less current liabilities		43,742	38,529
Provisions for liabilities and charges	11	(935)	(890)
Net assets attributable to members		<u>42,807</u>	<u>37,639</u>
Represented by:			
Members' other interests classified as liability		<u>42,807</u>	<u>37,639</u>
Total members' interests			
Amounts due from members in debtors		(171)	(171)
Members' other interests		42,807	37,639
		<u>42,636</u>	<u>37,468</u>

The financial statements of L.E.K. Consulting LLP, registered number OC300277, were approved and authorised for issue by the members.



M.M. Gordon
Designated Member

5 December 2025

**Statement of Changes in Members' Interests
For the year ended 31 March 2025**

	Loans and other debts due from members within one year £'000	Members' other interests classified as a liability £'000	Total \$'000
Members' interests at 1 May 2023	(222)	19,094	18,872
Members' remuneration charged as an expense	9,953	-	9,953
Share based payments (note 13)	-	2,606	2,606
Profit for the financial year available for discretionary distribution among members	-	22,535	22,535
Division of profits	6,596	(6,596)	-
Introduced by members	2,427	-	2,427
Drawings	(18,925)	-	(18,925)
Members' interests at 31 March 2024	<u>(171)</u>	<u>37,639</u>	<u>37,468</u>
Members' remuneration charged as an expense	10,977	-	10,977
Share based payments (note 13)	-	1,814	1,814
Profit for the financial period available for discretionary distribution among members	-	22,678	22,678
Division of profits	19,324	(19,324)	-
Introduced by members	1,839	-	1,839
Drawings	(32,140)	-	(32,140)
Members' interests at 31 March 2025	<u><u>(171)</u></u>	<u><u>42,807</u></u>	<u><u>42,636</u></u>

Members' other interests rank after unsecured creditors. Loans and other debts due to members rank pari passu with unsecured creditors in the event of a winding up.

Notes to the financial statements

1 Significant accounting policies

General information

L.E.K. Consulting LLP (L.E.K.) is a limited liability partnership incorporated in the United Kingdom under the Limited Liability Partnership Act 2000 and registered in England and Wales. The address of the registered office can be found in note 17 and the nature of L.E.K.'s operations and its principal activities are set out in the members' report on page 1.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Partnership operates. The financial statements are separate financial statements.

The prior year reporting period is for the 11 months to 31 March 2024.

Basis of accounting

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 (SORP): Accounting by Limited Liability Partnerships (issued December 2021). L.E.K. 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 financial statements. Exemptions have been taken in relation to the presentation of a cash flow statement, share based payments and certain financial instrument disclosures.

Going concern

The members have at the time of approving the financial statements, a reasonable expectation that the Partnership and the Group have adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of these financial statements. The members have reviewed the forecasts that cover the period beyond the going concern period to June 2030 and consider that the Partnership and the Group will continue to generate operating profit and positive cashflow. Sensitivity analysis has been performed on revenues and cash flows and even in the event of a significant downturn in trading, the Partnership and the Group will continue to be able to meet their liabilities as they fall due and its banking covenants. Additional cash flow measures are available to the Partnership including the delay or non-payment of member and senior staff bonuses.

In addition to this assessment, on 8 June 2025, the Directors of the Group agreed a new \$245 million funding facility (\$105m term loan and \$140m revolving credit facility (RCF)) replacing the existing \$167m RCF, which was due to expire in June 2026. This will provide additional liquidity and financial flexibility, but under similar banking covenants. This new funding will provide the Partnership and Group financing through to June 2029.

The members have, therefore, concluded that it is appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Financial instruments

Financial assets and financial liabilities are recognised when the Partnership 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 L.E.K. after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs) and subsequently measured at amortised costs using the effective interest method, 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 L.E.K. intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Notes to the financial statements (continued)

1 Significant accounting policies (continued)

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 year or prior years.
- (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.
- (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) L.E.K. transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) L.E.K., 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.

Members' interests

Following a reorganisation on 4 August 2017, the Partnership became part of a new group structure with the new holding company being L.E.K. Consulting Group Limited, a company incorporated in the United Kingdom of Great Britain and Northern Ireland and registered in England and Wales. As part of the transaction, all members' capital was repaid and a new bank facility was taken out by the group.

SORP para.64 states that the capital (whether classified as a liability or equity) of an LLP may be reduced by agreement of the members. In the absence of agreement to the contrary, unsecured debt due to members will rank equally with debts due to other unsecured creditors in a winding up.

Divisible profits and members' remuneration

The LLP SORP recognises that the basis of calculating profits for allocation may differ from the profits reflected through the financial statements prepared in compliance with recommended practice, given the established need to seek to focus profit allocation on ensuring equity between different generations and populations of members.

Notes to the financial statements (continued)

1 Significant accounting policies (continued)

The remainder of profit shares, which have not been allocated until after the balance sheet date, are treated in these financial statements as unallocated at the balance sheet date and included within other reserves.

Taxation

The taxation payable on the partnership profits is the personal liability of the members, although payment of such liabilities is administered by L.E.K. on behalf of the members. Consequently, neither partnership taxation nor related deferred taxation are accounted for in the financial statements. Sums set aside in respect of members' tax obligations are included in the balance sheet within loans and other debts due to members or set against amounts due from members as appropriate.

Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation and provision for impairment. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its estimated useful life, using the straight line method, as follows:

- Leasehold improvements the term of the lease
- Office equipment 5-8 years
- Computer equipment 3 years

Intangible assets

Computer software and associated implementation costs are stated at cost less accumulated amortisation and any recognised impairment loss.

Amortisation is recognised to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. For computer software, the useful life is estimated at between 3 and 5 years.

The estimated useful lives, residual values and amortisation method are reviewed at the end of each reporting year, with the effect of any changes in estimate accounted for on a prospective basis.

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 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, where this effect is deemed material.

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.

Notes to the financial statements (continued)

1 Significant accounting policies (continued)

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.

Foreign currencies

Transactions denominated in foreign currencies are recorded in the local currency at the actual exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss within operating expenses in the profit and loss account.

Revenue recognition

Revenue represents amounts chargeable for services provided to third parties in the normal course of business. Revenue is recognised in accordance with time invested on the project, based on hours recorded at charge out rates out of a total contracted hours. All revenue comprises professional services income generated within United Kingdom.

Given that the Partnership always expects revenue contracts to last less than 12 months, the practical expedient not to disclose information about transaction price allocated to remaining performance obligations has been applied. The Partnership has also applied the practical expedient not to disclose the incremental costs of obtaining a contract.

Revenue also includes direct expenses that are recharged on revenue contracts with no mark-up. The revenue on these direct expenses is disclosed gross within revenue, except for those direct expenses where the Partnership concludes it is acting as a buying agent on behalf of the customer, noting that in those circumstances the Partnership does not have responsibility to the customer for the items procured and as such recognises the revenue and associated expenses net.

Accrued income

Accrued income represents the amounts recognised as revenue during the year in excess of the bills rendered, net of value added tax.

Deferred income

Deferred income represents the excess of amounts billed where the related revenue has not yet been recognised or where there is no right to recognise the revenue.

Employee benefits

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Provisions

Provisions are recognised when L.E.K. has a present obligation (legal or constructive) as a result of a past event, it is probable that L.E.K. will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Notes to the financial statements (continued)

1 Significant accounting policies (continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Dilapidations

Provisions are made for dilapidations in respect of property leases which contain requirements for the premises to be returned to their original state prior to the conclusion of the lease term.

Leases

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

Share-based payments

The members of the Partnership are shareholders in the Partnership's ultimate parent Company, L.E.K. Consulting Group Limited. Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value is calculated by applying a multiple to the business performance measurement and excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 13.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting year, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of L.E.K.'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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Key sources of estimation uncertainty

The following are the key sources of estimation uncertainty that the members have made in the process of applying the Partnership's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

- Revenue recognition and accrued income

Revenue represents the right to consideration earned in respect of services performed during the year net of tax to the extent that there is a right to consideration and it is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date revenue represents the value of the service provided to date based on a proportion of the total contract value. There is a key source of estimation uncertainty around the valuation at the end of the year of accrued income of £12.2m (2024 - £11.6m) and deferred income of £0.4m (2024 - £0.3m).

Notes to the financial statements (continued)

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

- Share based payments

The ultimate parent company has issued shares to the shareholders which have conditions attached to them requiring that if the shareholders cease to work within the business they can be required to sell their shares back. The price that they receive will depend on the length of time elapsed since the shares were issued and whether they are classified as "ordinary" or "other" retired leavers. Therefore, this arrangement has been identified as a share-based payment arrangement.

From the perspective of the Partnership, this is an equity settled share-based payment arrangement. Equity-settled share-based payment transactions are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The charge recognised in the year is dependent on assumptions made over the non-market based vesting conditions.

There is a key source of estimation uncertainty around the percentage of shareholders expected to leave the business as other leavers in arriving at the charge for the year of £1.8m (2024 - £2.6m). Management have applied their best estimate to this, utilising historical data and events up to the date of this annual report. Incorporating a 2.5% increase in the calculation of the other leaver discount results in a £0.1m reduction in the share- based payment charge for the current year (2023 - £0.1m).

Critical judgements in applying the Partnership's accounting policies

The members do not believe there are any critical judgements.

3 Segment information

All revenue, operating profit and net assets attributable to members arise from trade in the United Kingdom.

4 Profit for the financial period available for discretionary distribution among members is stated after charging/(crediting):

	Year ended 31 March 2025 £'000	11 months ended 31 March 2024 £'000
Depreciation of tangible fixed assets (note 7)	648	659
Amortisation of intangible fixed assets (note 8)	226	208
Operating lease rentals: property	1,615	1,615
Members' remuneration charged as an expense	10,977	9,953
Foreign exchange differences	(343)	918
Fees payable to the partnership's auditor: - audit of the LLP's annual financial statements	70	67

Notes to the financial statements (continued)

5 Staff costs

	Year ended 31 March 2025 £'000	11 months ended 31 March 2024 £'000
Employee costs (excluding members) during the period:		
Wages and salaries	39,485	35,679
Social security costs	4,303	4,060
Other pension costs	2,973	2,611
	<u>46,761</u>	<u>42,350</u>

Other pension costs includes only those items included within operating costs.

The average number of persons employed during the period was:

	Year ended 31 March 2025 Number	11 months ended 31 March 2024 Number
Members	43	42
Consulting staff	280	307
Non-consulting staff	113	103
	<u>436</u>	<u>452</u>

6 Members' share of profits

	Year ended 31 March 2025	11 months ended 31 March 2024
Average number of members	<u>43</u>	<u>42</u>
Average profit per member (£'000)	<u>783</u>	<u>774</u>
Profit of the highest paid member (£'000)	<u>1,782</u>	<u>1,267</u>

Notes to the financial statements (continued)

7 Tangible fixed assets	Leasehold Improvements £'000	Office equipment £'000	Computer equipment £'000	Total £'000
Cost				
At 1 April 2024	2,391	1,063	2,640	6,094
Additions	-	82	263	345
Disposals and adjustments	132	(887)	(1,864)	(2,619)
At 31 March 2025	<u>2,523</u>	<u>258</u>	<u>1,039</u>	<u>3,820</u>
Accumulated depreciation				
At 1 April 2024	1,326	898	2,123	4,347
Charge for the year	267	41	340	648
Disposals and adjustments	132	(887)	(1,864)	(2,619)
At 31 March 2025	<u>1,725</u>	<u>52</u>	<u>599</u>	<u>2,376</u>
Net book value				
At 31 March 2025	<u>798</u>	<u>206</u>	<u>440</u>	<u>1,444</u>
At 31 March 2024	<u>1,065</u>	<u>165</u>	<u>517</u>	<u>1,747</u>

8 Intangible fixed assets	Software £'000
Cost	
At 1 April 2024	1,001
Additions	-
At 31 March 2025	<u>1,001</u>
Amortisation	
At 1 April 2024	242
Charge for the year	226
At 31 March 2025	<u>468</u>
Net book value	
At 31 March 2025	<u>533</u>
At 31 March 2024	<u>759</u>

Notes to the financial statements (continued)

9 Trade and other receivables	2025	2024
	£'000	£'000
Current assets		
Trade receivables	13,665	16,847
Amounts due from members	171	171
Amounts due from related party undertakings	1,529	1,111
Accrued income	12,205	11,555
Prepayments and other debtors	6,466	5,782
	<u>34,036</u>	<u>35,466</u>
Fixed assets		
Amounts due from related party undertakings	<u>21,751</u>	<u>15,875</u>

Amounts due from related party undertakings in current assets are unsecured, non-interest bearing and are repayable on demand.

10 Creditors: amounts falling due within one year	2025	2024
	£'000	£'000
Trade payables	1,971	2,261
Amounts due to related party undertakings	5,001	5,930
Other taxation and social security	1,667	1,144
Deferred income	446	265
Accruals and other creditors	5,749	6,746
	<u>14,834</u>	<u>16,346</u>

Amounts due to related party undertakings are unsecured, non-interest bearing and are repayable on demand.

11 Provision for liabilities and charges	2025	2024
	£'000	£'000
Dilapidations provision b/f	890	848
Movement in provision	45	42
Dilapidations provision c/f	<u>935</u>	<u>890</u>

The dilapidations reserve is a provision towards the costs on the expiry of a property lease in March 2028.

Notes to the financial statements (continued)

12 Financial instruments	2025	2024
	£'000	£'000
Financial assets		
Fixed assets - amounts due from related party undertakings	21,751	15,875
Trade and other receivables	21,660	23,740
Cash and bank balances	812	1,028
	<u>44,223</u>	<u>40,643</u>
Financial liabilities		
Amortised cost (including trade payables)	(14,388)	(16,081)
Provisions for liabilities and charges	(935)	(890)
	<u>(15,323)</u>	<u>(16,971)</u>

Financial assets measured at amortised cost comprise cash at bank, trade debtors, inter-company balances, prepayments and other debtors. Financial liabilities measured at amortised cost comprise trade creditors, inter-company balances, accruals and other creditors.

13 Share based payments

The ultimate parent company, L.E.K. Consulting Group Limited issues share capital to its members with conditions attached to them requiring that, if the shareholders cease to work within the business, they are required to sell their shares back. The price members receive depends on the length of time elapsed since the shares were issued and whether they are considered ordinary or other retired leavers.

The members of L.E.K. Consulting LLP provide services in exchange for share capital and the scheme is treated as equity settled. In the year ended 31 March 2025, 1.1m shares were so granted (2024 – 1.4m).

The fair value of the shares was based on the unrestricted market value of the assigned shares at grant date which was \$2.62 per share (2024 - \$4.86). The fair value of shares is determined in USD, as the ultimate parent company's functional currency is USD. These items are translated into GBP as set out in the foreign currencies accounting policy.

In future years, further share based payment charges/ credits will arise due to:

- i. New equity offered to members as part of an annual incentive scheme;
- ii. Movement in the repurchase discount due to the elapse of time since equity issuance;
- iii. Existing equity cancelled on members' departures; and
- iv. Changes to the annual valuation per share;
- v. Movement in repurchase discount due to elapse of time since equity issuance; and
- vi. Change in assumptions regarding the number of other retired leavers.

L.E.K. recognised total expenses for the year of £1.8m (2024: £2.6m) related to equity-settled share-based payment transactions in the year.

14 Operating lease commitments	2025		2024	
	Property Leases	Other Leases	Property Leases	Other Leases
The total future minimum lease payments under non-cancellable operating leases are as follows	£'000	£'000	£'000	£'000
- within one year	2,019	17	2,019	17
- between one and five years	4,038	9	6,058	26
	<u>6,057</u>	<u>26</u>	<u>8,077</u>	<u>43</u>

Notes to the financial statements (continued)

15 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 March 2025 was £3.0m (2024: £2.6m).

16 Related party transactions

	Year ended 31 March 2025 £'000	11 months ended 31 March 2024 £'000
Amount reimbursed to members of the LLP in respect of expenses incurred in the course of business	547	459
Total remuneration for key management personnel	<u>2,424</u>	<u>1,800</u>
	2025 £'000	2024 £'000
Amounts owing to members of the LLP included within creditors in respect of expenses incurred in the course of business	<u>27</u>	<u>16</u>

17 Controlling party

In the opinion of the members, the Partnership's ultimate parent Company and ultimate controlling party is L.E.K. Consulting Group Limited, a Company incorporated in Great Britain. The parent undertaking of the largest group, which includes the Partnership and for which group accounts are prepared, is L.E.K. Consulting Group Limited, a Company incorporated in Great Britain at 160 Victoria Street, London, SW1E 5LB. The parent undertaking of the smallest such group is L.E.K. International Group Limited, a Company incorporated in Great Britain at 160 Victoria Street, London, SW1E 5LB. Copies of the group financial statements of L.E.K. Consulting Group Limited and L.E.K. International Group Limited are available from Companies House, Crown Way, Cardiff, CF14 3UZ. The Partnership's immediate controlling party is L.E.K. Consulting UK Limited.