

RSM UK Group LLP
REPORT AND FINANCIAL STATEMENTS
for the year ended 31 March 2021



LLP Registration Number: OC325346

RSM UK Group LLP

DESIGNATED MEMBERS AND AUDITOR
for the year ended 31 March 2021

Designated members

R H Donaldson
J M Ericson
J R Taylor
A J Westbrook

LLP Registration number

OC325346 (England and Wales)

Registered office

6th Floor
25 Farringdon Street
London
EC4A 4AB

Auditor

Saffery Champness LLP
Trinity
16 John Dalton Street
Manchester
M2 6HY

RSM UK Group LLP

MEMBERS' REPORT

for the year ended 31 March 2021

The Management Board presents its report and the audited financial statements of RSM UK Group LLP for the year ended 31 March 2021.

Management Board

The members of the Management Board (constitutionally referred to as the National Leadership Team) who held office during the year, and subsequent to the year end, were as follows:

R H Donaldson	
J M Ericson	
J A Filley	(resigned 22 April 2020)
P M H Foss	(resigned 22 April 2020)
S M R Harding-Rolls	(resigned 22 April 2020)
J M Jones	(resigned 22 April 2020)
V K Kirkhope	(appointed 1 April 2021)
C J Knowles	(appointed 22 April 2020)
K E Sandwell	(appointed 22 April 2020)
A K Sapsford	(appointed 22 April 2020)
J R Taylor	(appointed 22 April 2020)
M Taylor	(resigned 22 April 2020)
A J Westbrook	(appointed 22 April 2020)

The development and implementation of policies, strategy, direction and management is the responsibility of the Management Board.

Principal activities

The principal activity of RSM UK Group LLP is to act as a corporate member to the RSM group of trading LLPs, namely:

RSM Corporate Finance LLP
RSM Restructuring Advisory LLP
RSM Risk Assurance Services LLP
RSM Tax and Advisory Services LLP
RSM UK Audit LLP
RSM UK Consulting LLP
Baker Tilly Creditor Services LLP

The LLP provides services to the trading LLPs and, as a member of each, is allocated a share of profit.

Review of the business

A summary of the results for the year and the financial position at the year-end is set out in the financial statements on pages 10 to 28. The Management Board is pleased to report an improvement in profitability for the LLP with average profit per member of £0.5m (2020: £0.4m). Details of the results for the trading LLPs, of which RSM UK Group LLP is the corporate member, can be found in the individual LLPs' statutory accounts.

The partnership's policy of managing its debt and ensuring that it retains a strong balance sheet results in it being well placed to take full commercial advantage of investment opportunities as they arise and further acquisitions are currently being reviewed. Significant headroom exists in our banking facilities.

In March 2020 the Members agreed a schedule of pension contributions with the Trustees of the defined benefit pension scheme as part of the triennial review to mitigate the scheme deficit. The scheme continues to be monitored closely, where very small changes in actuarial assumptions, such as those seen in the current year arising due to coronavirus, can have a significant impact on the year-end valuation.

RSM UK Group LLP

MEMBERS' REPORT (continued)

for the year ended 31 March 2021

Review of the business (continued)

The net assets of the partnership decreased by £1.4m in the year to £72.0m (2020: increased by £4.6m in the year to £73.4m).

The outlook for the current year is positive subject to the ongoing coronavirus pandemic. The Management Board are continually monitoring the impact on the partnership. The partnership remains committed to its policy of continuing to develop its existing marketplaces and locations as well as new sectors and service lines where they align with the group's overall strategic plan. The uncertainty created by both Brexit and coronavirus is pervasive, but also creates new opportunities for us to assist our clients in what is a difficult political and economic operating environment.

The Management Board will continue to build on our enlarged service offering through 2021/22 and the broad range of management skills available to us around the country, coupled with the dedication and support of our partners and staff, should ensure that our success continues.

The results for the year would not have been achieved without the continued dedication and commitment of our partners and staff and the Management Board would like to convey its sincere thanks to all those who contributed so fully in the year.

Principal risks and uncertainties

The principal risks are those which could significantly impact our professional reputation and/or financial strength. These risks arise from:

- Litigation – the application of quality and risk management controls minimise the risk of litigation. In the event of a claim, the LLP has appropriate professional indemnity insurance in place;
- IT systems – the vast majority of the LLP's records are stored electronically and its audit process is fully computerised. The group's IT faculty has established multiple data storage locations and other measures to protect against data loss and minimise the risk of system penetration or failure; and
- The impact of the ongoing coronavirus pandemic is also a key uncertainty and the members continue to monitor government advice, as released, to ensure that staff are protected and that client delivery is maintained during these uncertain times.

Key performance indicators

The key performance indicators, from a financial perspective, are revenue, gross profit and cash generated. From an audit quality perspective, the relevant KPIs are more wide-ranging and include analysis of trends and patterns from RSM's internal quality assurance visits, reports from the findings of external regulators and from reviews and support by our internal National Audit Technical department. This information is regularly assessed by the Board and action taken where necessary.

Transactions with members

The policy for members' drawings is the payment of a monthly amount on account of each member's profit share. These monthly drawings are determined by the Management Board, taking into account the need to retain sufficient funds to settle members' income tax liabilities and to finance the working capital and other needs of the business.

Individual members' capital contributions are determined from time to time by the Management Board having regard to the short, medium and long term needs of the business. Capital contributions are repayable upon an individual member's retirement.

RSM UK Group LLP

MEMBERS' REPORT (continued)

for the year ended 31 March 2021

Designated members

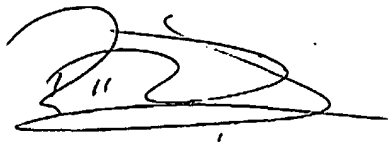
The following designated members have held office during the year and subsequent to the year-end:

R H Donaldson	(appointed 19 May 2020)
J M Ericson	(appointed 19 May 2020)
J A Filley	(resigned 23 June 2020)
P M H Foss	(resigned 23 June 2020)
D Gwilliam	(resigned 6 August 2021)
J M Jones	(resigned 23 June 2020)
J R Taylor	(appointed 19 May 2020)
A J Westbrook	(appointed 26 August 2021)

Auditor

Saffery Champness LLP, Chartered Accountants, were appointed as auditor on 27 January 2021 and have indicated their willingness to continue in office.

On behalf of the board



R H Donaldson
Designated Member

27 August 2021

RSM UK Group LLP

MEMBERS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

for the year ended 31 March 2021

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

Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the 2008 Regulations) requires 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 Financial Reporting Standard 102, 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (FRS 102).

Under the 2008 Regulations, the members 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 partnership and of the profit or loss of the partnership for that period.

In preparing those financial statements, the members are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) state whether applicable United Kingdom Accounting Standards have been followed; and
- d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

Under the 2008 Regulations the members are responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy at any time the financial position of the partnership and to enable them to ensure that the financial statements comply with the requirements of those Regulations. They are also responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for the maintenance and integrity of the partnership and financial information included on the partnership's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

RSM UK Group LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RSM UK GROUP LLP

for the year ended 31 March 2021

Opinion

We have audited the financial statements of RSM UK Group LLP for the year ended 31 March 2021 which comprise Income Statement, the Statement of Other Comprehensive Income, the Statement of Financial Position, the Reconciliation of Members' Interests and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of affairs of the limited liability partnership as at 31 March 2021 and its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

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 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 period of at least twelve months from when the financial statements are authorised for issue.

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

RSM UK Group LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RSM UK GROUP LLP (continued) for the year ended 31 March 2021

Other information

The members are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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.

Matters on which we are required to report by exception

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

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

Responsibilities of members

As explained more fully in the Members' Responsibilities Statement set out on page 5, 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.

RSM UK Group LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RSM UK GROUP LLP (continued) for the year ended 31 March 2021

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.

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the limited liability partnership's financial statements to material misstatement and how fraud might occur, including through discussions with management, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the limited liability partnership by discussions with management and updating our understanding of the sector in which the limited liability partnership operates.

Laws and regulations of direct significance in the context of the limited liability partnership include The Companies Act 2006 as applied to limited liability partnerships and UK Tax legislation.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the limited liability partnership's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the limited liability partnership's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

RSM UK Group LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RSM UK GROUP
LLP (continued)
for the year ended 31 March 2021

Auditor's responsibilities for the audit of the financial statements (continued)

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the limited liability partnership's members, as a body, in accordance with 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.

Saffery Champness LLP

Simon Kite BSc FCA (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

Chartered Accountants
Statutory Auditors

Trinity
16 John Dalton Street
Manchester
M2 6HY

Date 27/8/2021

RSM UK Group LLP
INCOME STATEMENT
for the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
Turnover	1	85,332	66,744
Operating expenses		(12,011)	(11,871)
Operating profit	2	73,321	54,873
Investment income	3	21	236
Interest payable and similar charges	4	(811)	(944)
Profit for the financial year before members' remuneration and profit shares		72,531	54,165
Profit for the financial year before members' remuneration and profit shares		72,531	54,165
Members' remuneration charged as an expense:			
Individual members	5	66,296	47,908
Corporate member	6	2,100	2,100
		(68,396)	(50,008)
Profit for the financial year available for discretionary division amongst members		4,135	4,157

The result for the year and the previous year arises from the LLP's continuing operations.

RSM UK Group LLP
STATEMENT OF OTHER COMPREHENSIVE INCOME
for the year ended 31 March 2021

	Notes	2021 £'000	<i>2020</i> <i>£'000</i>
Profit for the financial year		4,135	4,157
Other comprehensive expenses:			
Actuarial loss on defined benefit pension scheme	15	(29,190)	(1,997)
Gain/(loss) on revaluation of available-for-sale financial assets		16	(10)
Other comprehensive expenses for the year		(29,174)	(2,007)
Total comprehensive income for the year		(25,039)	2,150

The notes on pages 14 to 28 form part of these financial statements

RSM UK Group LLP
STATEMENT OF FINANCIAL POSITION
as at 31 March 2021

(LLP Registration Number: OC325346)

	Notes	2021 £'000	2020 £'000
Fixed assets			
Intangible assets	8	-	-
Tangible assets	9	1,122	1,557
Investments	10	71	55
		<u>1,193</u>	<u>1,612</u>
Current assets			
Debtors	11	26,866	67,231
Cash at bank and in hand		<u>96,591</u>	<u>35,577</u>
		123,457	102,808
Creditors: amounts falling due within one year	12	(12,635)	(10,254)
Net current assets		<u>110,822</u>	<u>92,554</u>
Total assets less current liabilities		112,015	94,166
Creditors: amounts falling due after more than one year	13	(9,875)	(16,125)
Provision for liabilities	14	(3,140)	(3,080)
Pension scheme deficit	15	(26,957)	(1,607)
Net assets attributable to members		<u>72,043</u>	<u>73,354</u>
Represented by:			
Loans and other debts due to members within one year			
Other amounts	16	50,303	26,460
Loans and other debts due to members after more than one year			
Members' capital	16	<u>53,525</u>	<u>54,075</u>
		103,828	80,535
Equity			
Members' other interests – other reserves classified as equity	16	(31,785)	(7,181)
Total members interests		<u>72,043</u>	<u>73,354</u>
Loans and other debts due to members	16		

The financial statements on pages 10 to 28 were approved by the members and authorised for issue on 27 August 2021 and are signed on their behalf by:



R H Donaldson
Designated member



A J Westbrook
Designated member

The notes on pages 14 to 28 form part of these financial statements

RSM UK Group LLP
RECONCILIATION OF MEMBERS' INTERESTS
as at 31 March 2021

	Classified as equity	Classified as debt		
	Other reserves £'000	Members' capital £'000	Loans and other debts due to/(from) members £'000	Total £'000
Members' interests at 1 April 2019	(9,477)	53,005	25,251	68,779
Members' remuneration charged as an expense:				
Individual members	-	-	47,908	47,908
Corporate member	-	-	2,100	2,100
Profit for the financial year available for discretionary division amongst members	4,157	-	-	4,157
Members' interests after profit for the year	(5,320)	53,005	75,259	122,944
Members' capital introduced	-	1,475	(25)	1,450
Members' capital repaid	-	(425)	-	(425)
Other amounts introduced by members	-	-	117	117
Drawings and distributions	-	-	(48,500)	(48,500)
Other comprehensive income	(2,007)	-	-	(2,007)
Transfers between group LLPs	-	20	247	267
Transfer of other amounts due to former members	-	-	(492)	(492)
Allocated other reserves	146	-	(146)	-
Members' interests at 31 March 2020	(7,181)	54,075	26,460	73,354
Members' remuneration charged as an expense:				
Individual members	-	-	66,296	66,296
Corporate member	-	-	2,100	2,100
Profit for the financial year available for discretionary division amongst members	4,135	-	-	4,135
Members' interests after profit for the year	(3,046)	54,075	94,856	145,885
Members' capital introduced	-	1,615	-	1,615
Members' capital repaid	-	(575)	-	(575)
Other amounts introduced by members	-	-	(52)	(52)
Drawings and distributions	-	-	(41,647)	(41,647)
Other comprehensive income	(29,174)	-	-	(29,174)
Transfers between group LLPs	-	(1,590)	(1,616)	(3,206)
Transfer of other amounts due to former members	-	-	(803)	(803)
Allocated other reserves	435	-	(435)	-
Members' interests at 31 March 2021	(31,785)	53,525	50,303	72,043

As permitted by the Statement of Recommended Practice (SORP), Accounting by Limited Liability Partnerships, issued in December 2018, the LLP has taken the option of presenting the above Reconciliation of Members' Interests as a primary statement instead of the Statement of Changes in Equity.

The notes on pages 14 to 28 form part of these financial statements

RSM UK Group LLP

ACCOUNTING POLICIES

for the year ended 31 March 2021

General information

RSM UK Group LLP ("the LLP") is a limited liability partnership and is incorporated in England and Wales.

The registered office address of the LLP is 6th Floor, 25 Farringdon Street, London, EC4A 4AB.

The LLP's principal activities are disclosed in the Members' Report.

Basis of accounting

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Companies Act 2006 as applied by LLPs and the Statement of Recommended Practice (SORP), Accounting by Limited Liability Partnerships, issued in December 2018, and under the historical cost convention, modified to include the revaluation of available for sale investments at fair value.

The financial statements are prepared in sterling, which is the functional currency of the limited liability partnership. Monetary amounts in these financial statements are rounded to the nearest thousand pounds sterling.

Reduced disclosures

In accordance with FRS 102, the LLP has taken advantage of the exemptions from the following disclosure requirements;

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flows and related notes and disclosures
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – 11.42 Disclosure of terms and conditions of related party debt
- Section 33 'Related party disclosure' – 33.7 relating to key management personnel.

The financial statements of the LLP are consolidated in the financial statements of RSM UK Holdings Limited. The consolidated financial statements are available from the registered office, 6th Floor, 25 Farringdon Street, London EC4A 4AB.

Non-consolidation

The Company is a wholly owned subsidiary of RSM UK Holdings Limited, a company incorporated in England and Wales and, in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts.

Going concern

The impact of the ongoing coronavirus pandemic, and the government advice provided, is being continually monitored by the members to ensure that staff are protected, and that client delivery is maintained during these uncertain times. The LLP manages the risks associated with client retention and new work winning by providing a value added, client focused service and maintaining strong relationships with its clients. Along with the above a review of detailed budgets and cash flow forecasts has been completed and the Board is satisfied that the LLP has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Management Board continues to adopt the going concern basis in preparing these financial statements.

Intangible fixed assets

Client relationships

Client relationships acquired as a result of business combinations are recognised as an asset and the cost is amortised over the average expected useful life of the relationships at the time of the transaction, estimated to be between 5 and 10 years.

RSM UK Group LLP

ACCOUNTING POLICIES (continued)

for the year ended 31 March 2021

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Motor vehicles	-	over 4 years on original cost
Fixtures and fittings	-	shorter of 10 years or the remaining period of the lease
Computer equipment	-	over 3 years

The freehold building is reviewed on an annual basis for any indications of impairment.

Impairment

Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of net realisable value and value-in-use, are recognised as impairments. Impairments of revalued assets, except those caused by a clear consumption of economic benefit, are recognised in the statement of comprehensive income until the carrying amount reaches depreciated historic cost. All other impairment losses are recognised in the income statement.

Investments

Other investments

Other investments, including those listed on a recognised stock exchange, are stated at surrender or market value at the balance sheet date.

Retirement benefits

The LLP operates a defined benefit pension scheme ("the Scheme") for eligible employees within the RSM UK Holdings Limited group. The Scheme was closed to new members and future accrual on 31 March 2010 and deferred pensions were granted to all members who were still active members on the date of closure.

The cost of providing benefits is determined using the deferred accrued benefits method, with actuarial valuations being carried out at each balance sheet date.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the statement of comprehensive income in the period in which they arise.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the lower of the asset and any unrecognised past service cost, plus the present value of available refunds or reductions in future contributions to the plan.

RSM UK Group LLP

ACCOUNTING POLICIES (continued)

for the year ended 31 March 2021

Provision for liabilities

Professional liability claims

Provision is made on a case by case basis in respect of the estimated costs of defending and concluding claims. This includes financial estimates received from external professional advisors. Where the LLP expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any expected reimbursement.

The timing of the expected settlement of these claims is uncertain, however the vast majority of cases are estimated to settle within three years and therefore discounting is not deemed to be material.

Surplus property

Provision is made for the present value of rental and other costs relating to properties which are surplus to the LLP's requirements net of expected income from sub-letting. Unwinding of the discount within the determination of present value is included within finance costs.

Former member commitments

The present value of the best estimate of the expected liabilities for future payments to retired members, or their dependants, arising from commitments under earlier arrangements, is calculated annually by a qualified actuary and provided in full. Changes in estimates and assumptions in respect of the obligations are recognised in administrative expenses. The unwinding of the discount is recognised in finance costs.

Turnover and revenue recognition

Turnover represents profit shares receivable from LLPs in which the LLP is a corporate member and income for services provided to those LLPs, including legal services and the services of the main Board. Profit shares are recognised once the Management Board of the respective LLP has determined the profit shares for the year. Income from services are recognised based on time spent and accrues as the service is provided.

Leases

The LLP as lessee

Operating lease rentals are charged to the income statement on a straight line basis over the lease term.

The LLP as lessor

Rental income from assets leased under operating leases is recognised on a straight line basis over the term of the relevant lease.

Members' remuneration

Individual members

Members' share of profits are automatically allocated and, together with members' benefits such as motor expenses, are treated as members' remuneration charged as an expense to the income statement.

Corporate member

The share of profits available to the corporate member, RSM UK Holdings Limited, is determined by the Management Board. The profit share is treated as members' remuneration charged as an expense to the income statement.

Unallocated profits

The profit share which has not been allocated to the individual or corporate members is treated in these financial statements as unallocated at the balance sheet date and included within equity reserves.

RSM UK Group LLP

ACCOUNTING POLICIES (continued)

for the year ended 31 March 2021

Members' remuneration (continued)

Members' monthly drawings are set by the Management Board after considering the working capital needs of the business. Should drawings exceed the allocated profits the excess is included in debtors. The same treatment is used in respect of members who retire during the period. However, to the extent that the profit allocations exceed drawings for a member that has retired, the excess profit is included in the balance sheet under creditors.

Members' capital

Contributions to members' capital (Liabilities) are made by members in such sums as are recommended by the National Leadership Team. Repayment after retirement is in accordance with the members' agreement.

Taxation

Taxation on LLP profits is the personal liability of the members. Consequently neither partnership nor deferred taxation are accounted for in these financial statements.

Financial instruments

The LLP has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' of FRS 102, to all of its financial instruments.

The LLP only has basic financial assets and liabilities and does not enter into financing transactions, other than available for sale investments held at fair value. They are measured initially at transaction price and subsequently at amortised cost, being transaction price less amounts settled and (in respect of debtors) any impairment losses.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the other comprehensive income.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The LLP makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equate to the subsequent actual results. However, management considers the estimates and assumptions used in the financial statements to be reasonable.

Professional liability claims

The LLP estimates the amount of professional liability claims based on the expected cost of defending and concluding any ongoing claims. This includes financial estimates received from external professional advisors. At 31 March 2021 the professional liability claims provision totals £0.513m (2020: £0.212m). The settlement timing is uncertain. Of the provision, £0.431m (2020: £0.098m) is expected to be reimbursed from insurers.

RSM UK Group LLP

ACCOUNTING POLICIES (continued)

for the year ended 31 March 2021

Critical accounting estimates and areas of judgement (continued)

Former member commitments

The provision for annuities and similar arrangements for former members has been independently valued based on information provided by the group. The principal assumptions are disclosed in note 14. The LLP will continue to review these assumptions against experience and market data, and adjustments will be made in future periods where appropriate.

Retirement benefits

The LLP makes estimates about the range of long-term trends and market conditions to determine the value of the deficit or surplus on the retirement benefit scheme, based on advice from qualified actuaries. The principal assumptions are disclosed in note 15.

Long-term forecasts and estimates are necessarily highly judgemental and subject to risk that actual events may be different to those forecast. If actual events deviate from the assumptions made then the reported surplus or deficit in respect to retirement benefits may be materially different.

Surplus properties

The LLP makes estimates around future costs relating to rent, rates and service charges along with the outstanding length on the leases. Judgements are also made with regards to the level of discounting applied and the timeframe over which it is then unwound.

RSM UK Group LLP

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

1. Turnover

The LLP's turnover is derived from its principal activity. All turnover arises in the United Kingdom.

2. Operating profit

	2021 £'000	2020 £'000
Operating profit is stated after charging/(crediting):		
Depreciation/impairment of tangible fixed assets	666	833
Profit on disposal of tangible fixed assets	(166)	(258)
	<u>666</u>	<u>833</u>

The auditor's remuneration is paid by and charged to the ultimate controlling party, RSM UK Holdings Limited.

3. Investment income

	2021 £'000	2020 £'000
Interest receivable	21	236
	<u>21</u>	<u>236</u>

4. Interest payable and similar charges

	2021 £'000	2020 £'000
Bank interest payable	687	841
Unwinding of discount on provisions	64	76
Net interest cost on pension scheme	60	27
	<u>811</u>	<u>944</u>

5. Individual members

	2021 £'000	2020 £'000
The individual members' remuneration includes:		
Depreciation on the tangible fixed assets		
Charge for the year:		
Owned assets	666	833
Profit on disposal of tangible fixed assets	(166)	(258)
	<u>666</u>	<u>833</u>

RSM UK Group LLP

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2021

6. Members' remuneration

	2021 Number	2020 Number
Average number of members	139	135
	2021 £'000	2020 £'000
Profit attributable to the highest paid member	2,100	2,100

7. Employee remuneration

With the exception of costs in respect of the RSM Retirement Benefit Scheme (see note 15), no employee costs are included in these accounts.

A management charge has been made by RSM UK Management Limited and RSM UK Tax and Accounting Limited, related businesses, for the provision of staff services to the LLP.

8. Intangible fixed assets

	Client relationships £'000
Cost At 1 April 2020 and 31 March 2021	3,520
Amortisation At 1 April 2020 and 31 March 2021	3,520
Net book value At 31 March 2020 and 31 March 2021	-

RSM UK Group LLP
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2021

9. Tangible fixed assets

	Freehold property £'000	Motor vehicles £'000	Computer equipment £'000	Total £'000
Cost				
At 1 April 2020	265	4,294	761	5,320
Transfers between group entities	-	(142)	-	(142)
Additions	-	576	-	576
Disposals	-	(1,032)	(11)	(1,043)
At 31 March 2021	265	3,696	750	4,711
Accumulated depreciation				
At 1 April 2020	65	2,937	761	3,763
Transfers between group entities	-	(121)	-	(121)
Charge for the year	-	666	-	666
Eliminated on disposal	-	(708)	(11)	(719)
At 31 March 2021	65	2,774	750	3,589
Net book value				
At 31 March 2021	200	922	-	1,122
At 31 March 2020	200	1,357	-	1,557

10. Fixed asset investments

	Other investments £'000
Cost or valuation	
At 1 April 2020	55
Movement in fair value	16
31 March 2021	71
Net book value	
31 March 2021	71
31 March 2020	55

Other investments represent listed investments with a market value of £71,000 (2020: £55,000).

The historical cost of these listed investments is £nil (2020: £nil).

RSM UK Group LLP

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 March 2021

10. Fixed asset investments (continued)

The LLP is a member of the following LLPs registered in England and Wales:

RSM Corporate Finance LLP – Corporate finance services
RSM Restructuring Advisory LLP – Restructuring and recovery advisory services
RSM Risk Assurance Services LLP – Risk assurance services
RSM Tax and Advisory Services LLP – Tax and advisory services
RSM UK Audit LLP – Audit assurance services
RSM UK Consulting LLP – Consulting services
Baker Tilly Creditor Services LLP – Creditor services

11. Debtors

	2021 £'000	2020 £'000
Due within one year:		
Amounts due from group undertakings	24,072	64,023
Other debtors	455	92
Prepayments and accrued income	2,339	3,096
Amounts due from former members	-	20
	<u>26,866</u>	<u>67,231</u>

The amounts owed by group undertakings arising from trading activities are interest free and repayable on demand.

12. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Bank loans (note 13)	11,250	9,500
Other taxes and social security costs	27	29
Other creditors	484	105
Accruals and deferred income	71	128
Amounts owed to former members	803	492
	<u>12,635</u>	<u>10,254</u>

RSM UK Group LLP
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2021

13. Creditors: amounts falling due after more than one year

	2021	2020
	£'000	£'000
Bank loans	9,875	16,125
Analysis of debt maturity		
	2021	2020
	£'000	£'000
Amounts payable as follows:		
In one year or upon demand	11,250	9,500
In more than one year but less than two years	2,500	6,250
In more than two but not more than five years	7,375	9,875
	21,125	25,625

The bank loans are arranged at floating rates, thus exposing the group to cash flow interest rate risk. The members estimate that the fair value of the LLP's current borrowings is not significantly different to the carrying value. All borrowings are unsecured but take preference for repayment over amounts due to members in the event of winding up.

Bank loans totalling £21.1m (2020: £25.6m) are repayable by a mixture of quarterly and annual instalments between April 2021 and December 2024. Interest is charged on these loans at rates ranging between 1.75% and 2.25% over LIBOR.

14. Provision for liabilities

	Professional Liability claims £'000	Surplus property £'000	Former members £'000	Total £'000
Balance at 31 March 2020	212	60	2,808	3,080
Provision utilised in the year	(21)	(10)	(336)	(367)
Unused amounts reversed in the year	-	-	(168)	(168)
Charged to the income statement	(12)	-	-	(12)
Credited to other debtors	334	-	-	334
Unwinding of discount	-	-	64	64
Change in assumptions	-	-	209	209
Balance at 31 March 2021	513	50	2,577	3,140

Professional liability claims

The professional liability claims provision represents the estimated cost of defending and concluding claims.

Surplus property

The surplus property provision reflects the expected losses on sublet and vacant properties where expected revenues are less than cost. The provision has been estimated using current costs and has been discounted to present value at a rate of 2.6% (2020: 2.6%).

RSM UK Group LLP

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2021

14. Provision for liabilities (continued)

Former members

The former members' provision has been actuarially calculated and represents the present value of the future obligation of the LLP to provide retirement annuities to former members.

The principal actuarial assumptions which have been used in calculating relevant liabilities, after the application of mortality rates, are as follows:

	2021 Per annum	2020 Per annum
Discount rate	2.2%	2.6%
Inflation rate (RPI)	3.3%	2.6%

15. Retirement benefits

The LLP operates a defined benefit scheme ("Scheme") for eligible employees. The scheme was a final salary pension plan, which provides benefits to the members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

The pensions in payment are generally updated in line with the retail price index and the benefit payments are made from trustee administered funds. Responsibility for the governance of the plan lies with the Board of Trustees.

The Scheme was closed to new members and future accrual on 31 March 2010 and deferred pensions were granted to all members who were still active members on the date of closure.

Any future contributions required to be made to the Scheme are determined by an independent qualified actuary on the basis of regular valuations using the deferred accrued benefits method, the most recent completed valuation being at 31 March 2019. The Company has agreed a schedule of future contributions with the Trustees of £3.0m per annum, until March 2026, with a further £0.9m per annum payable in arrears over this period if the actual Scheme deficit exceeds the expected Scheme deficit at each financial year-end. The weighted average duration of the pension scheme is 22 years (2020: 23 years).

Adjustments to the valuation at that date have been made for the purpose of the FRS102 valuation at the year end based on the following major assumptions:

	2021 %	2020 %
Rate of increase in salaries	n/a	n/a
Rate of increase in pensions in payment	3.6	3.3
Discount rate	2.2	2.6
Inflation assumption (RPI)	3.2	2.6
Statutory revaluation (CPI)	2.6	1.6
Mortality	As below	As below
Expected return on plan assets	As below	As below

RSM UK Group LLP
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2021

15. Retirement benefits (continued)

The assumption for post-retirement mortality has been set to be in line with the standard S3NA tables (2020: S3NA tables). Future improvements in longevity are assumed to be in line with the CMI 2020 projections (2020: CMI 2019 projections), with a long term rate of improvement of 1.25% p.a. for both males and females (2020: 1.25% p.a. for both males and females).

The assets in the scheme were:

	2021	2020
	£'000	£'000
Liability driven investments	45,349	33,359
Equities	36,055	37,680
Corporate bonds	32,440	13,723
Infrastructure	15,471	14,966
Private credit	8,766	10,445
Diversified growth funds	8,369	23,405
Emerging markets multi-asset funds	8,144	6,355
Cash	3,079	10,423
Total market value of assets	157,673	150,356
Present value of scheme liabilities	(184,630)	(151,963)
Deficit in scheme	(26,957)	(1,607)

The return on the scheme assets was:

	2021	2020
	£'000	£'000
Interest income	3,922	3,878
Return/(cost) on plan assets excluding interest income	3,632	(2,585)
Total return on scheme assets	7,554	1,293

Movements in the fair value of scheme assets were as follows:

	2021	2020
	£'000	£'000
1 April 2020	150,356	148,957
Interest on plan assets	3,922	3,878
Employer contributions	3,900	3,500
Benefits paid/ transfers/ commutations	(4,137)	(3,394)
Return/(cost) on plan assets excluding interest income	3,632	(2,585)
31 March 2021	157,673	150,356

RSM UK Group LLP
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2021

15. Retirement benefits (continued)

Movements in the present value of defined benefit obligations were as follows:

	2021	2020
	£'000	£'000
1 April 2020	151,963	152,040
Interest cost	3,902	3,905
Benefits paid/ transfers/ commutations	(4,137)	(3,394)
Past service cost and settlement	80	-
Actuarial loss/(gain)		
Experience on benefit obligation	(1,648)	(571)
Changes in financial assumptions	33,316	(6,118)
Changes in demographic assumptions	1,154	6,101
31 March 2021	<u>184,630</u>	<u>151,963</u>
	2021	2020
	£'000	£'000
<i>Analysis of amounts charged to income statement</i>		
Interest income/(cost)	20	(27)
Past service cost and settlements	(80)	-
Net loss	<u>(60)</u>	<u>(27)</u>

The actual return on scheme assets was £7.554m (2020: £1.293m).

	2021	2020
	£'000	£'000
<i>Analysis of amount recognised in other comprehensive income</i>		
Actual return less expected return on scheme assets	3,632	(2,585)
Experience losses and gains arising on scheme liabilities	1,648	571
Changes in assumptions underlying the present value of the scheme liabilities	(34,470)	17
Actuarial loss recognised in other comprehensive income	<u>(29,190)</u>	<u>(1,997)</u>
	2021	2020
	£'000	£'000
<i>Movement in deficit during the year</i>		
Deficit in scheme at beginning of the year	(1,607)	(3,083)
Movement in year:		
Contributions paid to the scheme	3,900	3,500
Charge to income statement	(60)	(27)
Amount recognised in other comprehensive income	(29,190)	(1,997)
Deficit in the scheme at end of the year	<u>(26,957)</u>	<u>(1,607)</u>

RSM UK Group LLP

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2021

15. Retirement benefits (continued)

Expected maturity analysis of undiscounted pension benefits as at 31 March 2021 is as follows:

	Less than a year £'000	Between 1-2 years £'000	Between 2-5 years £'000	Over 5 years £'000	Total £'000
Pension benefit	2,700	3,000	10,000	305,000	320,700

Expected maturity analysis of undiscounted pension benefits as at 31 March 2020 is as follows:

	Less than a year £'000	Between 1-2 years £'000	Between 2-5 years £'000	Over 5 years £'000	Total £'000
Pension benefit	2,300	2,700	9,500	275,700	290,200

The FRS102 results are based on the membership of the scheme as at 31 March 2021. Contributions of £3.9m (2020: £3.5m) were paid in the year and the LLP has committed to contribute up to £3.9m during the following year.

<i>History of experience gains and losses</i>	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Difference between the expected and actual return on scheme assets:					
Amount	3,632	(2,585)	3,863	(661)	16,951
Percentage of scheme assets (%)	2.3	(1.7)	2.6	(0.5)	12.1
Experience gains and losses on scheme liabilities:					
Amount	(1,648)	571	104	(931)	1,414
Percentage of present value of the scheme liabilities (%)	(0.9)	0.4	0.1	(0.6)	0.9
Total amount recognised in other comprehensive income:					
Amount	(29,190)	(1,997)	(1,431)	8,845	(18,910)
Percentage of present value of the scheme liabilities (%)	(15.8)	(1.3)	(0.9)	6.1	(12.1)

In addition to the above closed defined benefit pension scheme, a group defined contribution personal pension plan is in operation and is open to all eligible employees to join. The assets of the scheme are held separately from those of the LLP in an independently administered fund.

RSM UK Group LLP

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 March 2021

16. Members' interests

Members' interests can be analysed as follows:

	Due after one year 2021 £'000	Equity 2021 £'000	Due within one year 2021 £'000	Total 2021 £'000
Members' capital	53,525	-	-	53,525
Other loans and debts due to members	-	-	50,303	50,303
Other reserves	-	(31,785)	-	(31,785)
At 31 March 2021	53,525	(31,758)	50,303	72,043

	Due after one year 2020 £'000	Equity 2020 £'000	Due within one year 2020 £'000	Total 2020 £'000
Members' capital	54,075	-	-	54,075
Other loans and debts due to members	-	-	26,460	26,460
Other reserves	-	(7,181)	-	(7,181)
At 31 March 2020	54,075	(7,181)	26,460	73,354

Members' capital is repayable after retirement in accordance with the members' agreement.

The basis on which profits are allocated is described in the Accounting Policies.

Loans and other debts due to members represent allocated profits not yet paid to members and are due within one year. In the event of a winding up, net loans and other debts due to members rank after unsecured creditors.

17. Related party transactions

The LLP is exempt from disclosing related party transactions as they are with wholly-owned members of the RSM UK Holdings Limited Group.

18. Control

RSM UK Holdings Limited, registered in England and Wales, is the ultimate controlling party of RSM UK Group LLP. The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by RSM UK Holdings Limited and copies are available from 6th Floor, 25 Farringdon Street, London, EC4A 4AB.