

Alvarez & Marsal Financial Industry Advisory Services LLP

Members' report and financial statements

For the year ended 31 December 2013



Alvarez & Marsal Financial Industry Advisory Services LLP

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Alvarez & Marsal Financial Industry Advisory Services LLP

LLP Information

Designated members	Alvarez & Marsal Europe Holdings Limited Antonio M Alvarez III
LLP number	OC338317
Registered office	Tower Bridge House St. Katharine's Way London E1W 1DD
Principal places of business	1 st Floor One Finsbury Circus London EC2M 7EB 20 Harcourt Street Dublin 2 Republic of Ireland
Statutory auditor	Mazars LLP Tower Bridge House St. Katharine's Way London E1W 1DD

Alvarez & Marsal Financial Industry Advisory Services LLP

Strategic report

For the year ended 31 December 2013

The strategic report provides a review of the business of the LLP during the financial year and describes the steps taken by the members to identify and manage the risks facing the partnership.

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

Principal activities

The principal activity of the LLP, which has remained unchanged during the year under review, is the provision of business and management consultancy services.

Review of the business and key performance indicators

The LLP has continued to expand and enhance its client and contact portfolios and its reputation within the United Kingdom and European business consultancy markets. Turnover has increased compared with the previous year and the LLP has operated profitably during the year under review.

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

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

The members are satisfied with the results for the year and intend to continue to pursue the LLP's activities and to further develop and exploit the growing reputation that the LLP enjoys in the market place.

Financial risk management

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

Given the size of the LLP, the members have not delegated the responsibility of monitoring financial risk management to a sub-committee. The LLP's finance department implements the policies set by the members.

Credit risk

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

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

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

Alvarez & Marsal Financial Industry Advisory Services LLP

Strategic report - continued

For the year ended 31 December 2013

Financial risk management (continued)

Foreign exchange risk

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

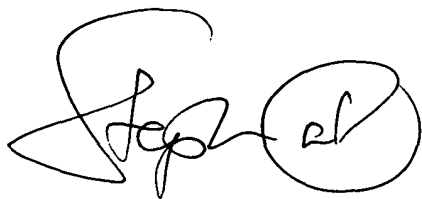
Interest rate cash flow risk

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

Significant post balance sheet events

The members are not aware of any significant post balance sheet events that could affect the future performance of the partnership.

Approved by the members and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'Stephen R Gate', followed by a circular stamp or mark.

Stephen R Gate

Director of designated member – Alvarez & Marsal Europe Holdings Limited

Date: 30/9/14

Alvarez & Marsal Financial Industry Advisory Services LLP

Members' report

For the year ended 31 December 2013

The members present their report and the audited financial statements for the year ended 31 December 2013.

Branches outside the United Kingdom

During the year the LLP operated a branch office in the Republic of Ireland. The LLP does not operate any other branches outside the United Kingdom.

Designated members

The following designated members have held office since 1 January 2013:

Alvarez & Marsal Europe Holdings Limited
Antonio M Alvarez III

Members' interests and policy on members' drawings

The members have agreed a Members' Drawings Plan. Any profits or losses not allocated to other members under the Members' Drawings Plan and all capital profits and losses are allocated to Alvarez & Marsal Europe Holdings Limited.

Alvarez & Marsal Europe Holdings Limited has made a capital contribution to the LLP of €1,000. The capital contribution of all other members is €300 each. There is no interest on members' capital and current account balances.

No amounts have been transferred from members' capital to debts due to members during the year ended 31 December 2013.

Employee involvement

The members recognise the importance of employee involvement established by good communications and working relationships. Employees are kept well informed about the progress and position of both the LLP and the group as a whole by regular departmental meetings and electronic briefings.

Employment policies

It is LLP policy to afford equal opportunities to all employees and job applicants. No employee or job applicant is less favourably treated than another on the grounds of their sex, sexual orientation, age, marital status, religion, race, nationality, ethnic or national origin, colour or disability and all appointments and promotions are determined solely by merit.

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

Alvarez & Marsal Financial Industry Advisory Services LLP

Members' report - continued

For the year ended 31 December 2013

Statement of members' responsibilities in respect to the financial statements

The Limited Liability Partnerships Regulations 2001 (LLP Regulations 2001) enacted under the Limited Liability Partnerships Act 2000 require the members to prepare financial statements for each financial period. Under those regulations 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). 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 Alvarez & Marsal Financial Industry Advisory Services LLP and of the profit or loss of the LLP for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

Under the LLP Regulations 2001, the members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with those regulations. The members have a general responsibility for safeguarding the assets of the LLP and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Auditor

Mazars LLP have expressed their willingness to continue in office.

Statement of disclosure to auditor

- so far as the members are aware, there is no relevant audit information of which the LLP's auditor is unaware, and
- the members have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the LLP's auditor is aware of that information.

Approved by the members and signed on their behalf by:



Stephen R Gate

Director of designated member – Alvarez & Marsal Europe Holdings Limited

Date: 30/9/14

Alvarez & Marsal Financial Industry Advisory Services LLP

Independent auditor's report

To the members of Alvarez & Marsal Financial Industry Advisory Services LLP

We have audited the financial statements of Alvarez & Marsal Financial Industry Advisory Services LLP for the year ended 31 December 2013, which comprise the Statement of Total Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Respective responsibilities of members and auditor

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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. 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. Our audit work has been undertaken so that we might state to the 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2013 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 by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Alvarez & Marsal Financial Industry Advisory Services LLP

Independent auditor's report

To the members of Alvarez & Marsal Financial Industry Advisory Services LLP

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.



William Neale Bussey (Senior Statutory Auditor)

For and on behalf of Mazars LLP,
Chartered Accountants and Statutory Auditor

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

Date: 30 SEPTEMBER 2014

Alvarez & Marsal Financial Industry Advisory Services LLP

Statement of total comprehensive income

For the year ended 31 December 2013

	Notes	2013 €	2012 €
Turnover	3	15,375,721	5,984,618
Administrative expenses		(10,739,087)	(5,903,344)
Release of provision / (provision) for irrecoverable amounts drawn by members		739,224	(2,068,897)
Operating profit / (loss)	4	5,375,858	(1,987,623)
Interest receivable and similar income	7	2,550	270
Interest payable and similar charges	8	(651)	-
Profit / (loss) on ordinary activities before taxation		5,377,757	(1,987,353)
Tax on profit / (loss) on ordinary activities	9	(24,408)	-
Profit / (loss) on ordinary activities before members' remuneration and profit shares		5,353,349	(1,987,353)
Members' remuneration charged as an expense	10	(4,614,125)	(81,544)
Profit / (loss) on ordinary activities after members' remuneration charged as an expense		739,224	(2,068,897)
Other comprehensive income		-	-
Total comprehensive income for the financial period available for discretionary division among members		739,224	(2,068,897)

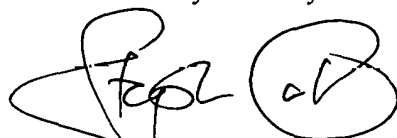
The statement of total comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes on pages 14 to 25 form an integral part of these financial statements

Alvarez & Marsal Financial Industry Advisory Services LLP**Balance sheet***As at 31 December 2013*

	Notes	2013 €	€	2012 €	€
Fixed assets					
Tangible assets	11		12,469		34,065
Current assets					
Debtors	12	2,021,429		679,907	
Cash at bank and in hand		141,317		93,827	
		<u>2,162,746</u>		<u>773,734</u>	
Creditors: amounts falling due within one year	13	<u>(3,974,263)</u>		<u>(3,346,371)</u>	
Net current (liabilities)			<u>(1,811,517)</u>		<u>(2,572,637)</u>
Total assets less current liabilities			<u>(1,799,048)</u>		<u>(2,538,572)</u>
Creditors: amounts falling due after more than one year			<u>-</u>		<u>-</u>
Net liabilities attributable to members			<u>(1,799,048)</u>		<u>(2,538,572)</u>
REPRESENTED BY:					
Members' capital classified as a liability under FRS 102			3,400		3,100
Loans and other debts due from members			<u>(1,802,448)</u>		<u>(2,541,672)</u>
			<u>(1,799,048)</u>		<u>(2,538,572)</u>
TOTAL MEMBERS' INTERESTS					
Members' capital			3,400		3,100
Amounts due to members			1,023,520		867,215
Amounts due from members			<u>(1,803,948)</u>		<u>(2,543,172)</u>
TOTAL MEMBERS' INTERESTS			<u>(777,028)</u>		<u>(1,672,857)</u>

The financial statements were approved and authorised for issue by the Members of Alvarez & Marsal Financial Industry Advisory Services LLP and were signed on their behalf by:



Stephen R Gate

Director of designated member – Alvarez & Marsal Europe Holdings Limited

Date: 30/9/14

Then notes on pages 14 to 25 form an integral part of these financial statements

Alvarez & Marsal Financial Industry Advisory Services LLP

Statements of changes in equity For the Year ended 31 December 2013

	EQUITY			DEBT			Total members' interests
	Members' other interests			Loans and other debts due to members less any amounts due to members included in debtors			
	Members' capital (classified as equity)	Other reserves	Total	Members' capital (classified as debt)	Other amounts	Total	
	€	€	€	€	€	€	€
Total members interests at 1 January 2012	-	(472,775)	(472,775)	1,600	(77,298)	(75,698)	(548,473)
Capital introduced by members during the year ended 31 December 2012	-	-	-	2,500	(1,000)	1,500	1,500
Capital withdrawn by members during the year ended 31 December 2012	-	-	-	(1,000)	1,000	-	-
Reclassification of amounts due from group undertakings on change of corporate member	-	-	-	-	888,037	888,037	888,037
Members' remuneration charged as an expense during the year ended 31 December 2012	-	-	-	-	81,544	81,544	81,544
Drawings during the year ended 31 December 2012	-	-	-	-	(2,095,465)	(2,095,465)	(2,095,465)
Provision for irrecoverable amounts drawn during the year ended 31 December 2012	-	(2,068,897)	(2,068,897)	-	2,068,897	2,068,897	-
Total members interests at 31 December 2012	-	(2,541,672)	(2,541,672)	3,100	865,715	868,815	(1,672,857)

Alvarez & Marsal Financial Industry Advisory Services LLP

Statements of changes in equity (continued) For the Year ended 31 December 2013

	EQUITY			DEBT			Total members' interests
	Members' other interests			Loans and other debts due to members less any amounts due to members included in debtors			
	Members' capital (classified as equity)	Other reserves	Total	Members' capital (classified as debt)	Other amounts	Total	
	€	€	€	€	€	€	€
Total members interests at 1 January 2013	-	(2,541,672)	(2,541,672)	3,100	865,715	868,815	(1,672,857)
Capital introduced by members during the year ended 31 December 2013	-	-	-	300	-	300	300
Capital withdrawn by members during the year ended 31 December 2013	-	-	-	-	-	-	-
Other advances (to) / from: members during the year ended 31 December 2013	-	-	-	-	310,201	310,201	310,201
Members' remuneration charged as an expense during the year ended 31 December 2013	-	-	-	-	4,614,125	4,614,125	4,614,125
Drawings during the year ended 31 December 2013	-	-	-	-	(4,028,797)	(4,028,797)	(4,028,797)
Release of provision for irrecoverable amounts drawn during the year ended 31 December 2013	-	739,224	739,224	-	(739,224)	(739,224)	-
Total members interests at 31 December 2013	-	(1,802,448)	(1,802,448)	3,400	1,022,020	1,025,420	(777,028)

Alvarez & Marsal Financial Industry Advisory Services LLP

Cash flow statement

For the Year ended 31 December 2013

	Notes	2013 €	€	2012 €	€
Net cash flows from operating activities	1		(263,723)		10,766
Cash flows from investing activities					
Purchase of tangible fixed assets		(1,187)		(3,586)	
Proceeds from sale of tangible fixed assets		-		-	
Interest received		2,550		270	
Interest paid		(651)		-	
Net cash inflow / (outflow) from investing activities			712		(3,316)
Cash flows from financing activities					
Transactions with members					
Contributions by members		300		-	
Repayment of members' contributions		-		-	
Advances (to) / from members		310,201		-	
		310,501		-	
Other cash flows from financing activities		-		-	
Net cash flow from financing activities			310,501		-
Net cash increase / (decrease) in cash and cash equivalents			47,490		7,450
Cash and cash equivalents at 1 January 2013			93,827		86,377
Cash and cash equivalents at 31 December 2013			141,317		93,827
Cash and cash equivalents comprises:					
Cash at bank and in hand at 31 December 2013			141,317		93,827
Cash equivalents			-		-
Cash and cash equivalents at 31 December 2013			141,317		93,827

Alvarez & Marsal Financial Industry Advisory Services LLP

Notes to the cash flow statement

For the year ended 31 December 2013

1	Reconciliation of operating profit / (loss) to net cash (absorbed) / generated by operating activities	2013	2012
		€	€
	Operating profit / (loss)	5,375,858	(1,987,623)
	(Release of provision) / provision for irrecoverable amounts drawn by members	(739,224)	2,068,897
	UK corporation tax paid	-	-
	Overseas tax paid	(12,204)	(114,820)
	Overseas tax recovered	78,300	729,000
	Depreciation of tangible fixed assets	22,783	32,344
	Operating cash flow before movement in working capital and transactions with members	4,725,513	727,798
	(Increase) / decrease in debtors	(1,419,822)	1,816,390
	Increase / (decrease) in creditors	459,383	(437,957)
	Net cash generated by operations before transactions with members	3,765,074	2,106,231
	Members' drawings	(4,028,797)	(2,095,465)
	Net cash (absorbed) / generated by operations	(263,723)	10,766

2 Major non-cash transactions

There were no material non-cash transactions during the year.

Alvarez & Marsal Financial Industry Advisory Services LLP

Notes to the financial statements

For the year ended 31 December 2013

General information

Alvarez & Marsal Financial Industry Advisory Services LLP is a limited liability partnership registered in the United Kingdom under the Limited Liability Partnerships Act 2000. The nature of the LLP's operations and its principal activities are set out in the strategic report on pages 2 and 3 and in the members' report on pages 4 and 5. The addresses of the principal places of business and the LLP's registered office are set out on page 1.

1 Accounting Policies

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

1.1 Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102) issued by the Financial Reporting Council and with the revised Statement of Recommended Accounting Practice, "Accounting by Limited Liability Partnerships", published on 15 July 2014 by the Consultative Committee of Accountancy Bodies.

The functional currency of Alvarez & Marsal Financial Industry Advisory Services LLP is considered to be the Euro because this is the currency of the primary economic environment in which the business operates. Foreign currencies are included in accordance with the policies set out below.

First time adoption of FRS 102

This is the first year that the LLP has presented its financial statements in accordance with FRS 102. The last financial statements prepared in accordance with previous UK GAAP were for the year ended 31 December 2012 and the date of transition to FRS 102 was therefore 1 January 2012.

The comparative information for the LLP as presented in these financial statements has been restated on adoption of FRS 102. This restatement has been entirely presentational and there have been no material changes to the LLP's accounting policies, nor any recognition or measurement transitional adjustments, as a consequence of adopting FRS 102.

The equity of the LLP as at 1 January 2012 and as at 31 December 2012 is therefore unchanged from that reported under previous UK GAAP. The loss of the LLP for the year ended 31 December 2012 is also unchanged from that reported under previous UK GAAP. The transition to FRS 102 has not affected the reported financial position or financial performance of the LLP.

1.2 Going concern

The LLP's business activities, together with factors likely to affect its future development, performance and position are set out in the strategic report on pages 2 and 3.

The LLP has operated profitably during the year under review, but to ensure that it is able to meet its liabilities as they fall due, group undertakings have indicated that they will continue to provide sufficient financial support as is necessary for the foreseeable future. The members are therefore of the view that it is appropriate to prepare financial statements on a going concern basis.

Alvarez & Marsal Financial Industry Advisory Services LLP

Notes to the financial statements (continued)

For the year ended 31 December 2013

1.3 Tangible fixed assets and depreciation

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

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

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

1.4 Financial instruments

The LLP applies the recognition and measurement provisions of Sections 11 and 12 of FRS102. Financial assets and liabilities are recognised when the LLP becomes a party to the contractual provisions of the instrument.

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

Financial assets and liabilities

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

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

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

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

Investments

Investments held as fixed assets are shown at cost less provision for impairment.

Alvarez & Marsal Financial Industry Advisory Services LLP

Notes to the financial statements (continued)

For the year ended 31 December 2013

1.4 Financial instruments (continued)

Equity instruments

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

1.5 Impairment of assets

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

Non-financial assets

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

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

Financial assets

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

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

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

1.6 Turnover and revenue recognition

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

1.7 Members' remuneration

Profits of the LLP for all accounting periods are automatically allocated between members in accordance with the provisions of the LLP Agreement. As required by the revised Statement of Recommended Practice, "Accounting by Limited Liability Partnerships", published in July 2014, the allocation of the LLP's profits is recognised on the face of the statement of total comprehensive income as "members' remuneration charged as an expense".

Alvarez & Marsal Financial Industry Advisory Services LLP

Notes to the financial statements (continued)

For the year ended 31 December 2013

1.7 Members' remuneration (continued)

Profits allocated to members in excess of amounts drawn are carried forward in the balance sheet as liabilities owed to members. Amounts drawn by members in excess of allocated profits are carried forward in the balance sheet as amounts due from members. A provision is made against members' balances which are not legally recoverable in accordance with the LLP Agreement.

1.8 Leases

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

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

1.9 Taxation

The taxable profits of Alvarez & Marsal Financial Industry Advisory Services LLP are assessed on the members personally. The LLP is not therefore liable to tax on trading profits or investment income and no provision is made in the financial statements for the members' personal taxation and deferred taxation liabilities.

The LLP's branch in the Republic of Ireland is liable to Irish Corporation Tax on its profits arising in that country. Full provision is made in the LLP's financial statements for all Irish Corporation Tax.

Other foreign taxes, including overseas withholding taxes deducted by clients on settlement of the LLP's fees, are recognised as a tax charge in the statement of total comprehensive income to the extent that they cannot be recovered from the appropriate authorities.

1.10 Pensions

Members of the LLP are required to make their own provisions for pensions from their profit shares.

The LLP contributes to defined contribution pension policies held individually by employees. Contributions to employees' policies are charged to the profit and loss account as and when they fall due.

1.11 Foreign currencies

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

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

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

The principal exchange rates used at the balance sheet date were €1 = £0.8348 (2012: €1 = £0.8170) and €1 = US\$ 1.3766 (2012: €1 = US\$ 1.3215).

Alvarez & Marsal Financial Industry Advisory Services LLP

Notes to the financial statements (continued)

For the year ended 31 December 2013

2 Critical accounting judgements and key sources of estimation uncertainty

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

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

During the period to 31 December 2013, the critical judgements made by the LLP in applying its accounting policies and the key areas of estimation uncertainty have related to revenue recognition and the impairment of financial assets.

The value of certain of the LLP's contracts for the ongoing supply of services can be dependent upon the amount of costs incurred in performing these services and, in order to apply the LLP's policy for the recognition of revenue from such contracts that are partially complete at the balance sheet date, the members must assess both the proportion of the contract that has been completed and the total contract value that this represents. If there is no reliable alternative evidence, it is estimated that the revenue to be recognised in the financial statements from such contracts amounts to 50% of the total costs that had been incurred at the balance sheet date in performing the services.

Unless there is reliable evidence to the contrary, full provision is made for any amounts owing by trade debtors that have been outstanding for a period in excess of twelve months from the due settlement dates. In applying this judgement, the impairment loss recognised in the LLP's financial statements for the year ended 31 December 2013 amounted to €1,451,361 (2012: €61,631).

3 Turnover

The total turnover of the LLP for the year relates to the provision of services undertaken wholly in Europe and the United Kingdom. Other revenue earned by the LLP during the year categorised as interest amounted to €2,250 (2012: €270). The members consider the LLP's activities to represent a single class of business.

4 Operating profit / (loss)

	2013	2012
	€	€
Operating profit / (loss) is stated after charging / (crediting):		
Auditor's remuneration – audit	21,829	24,480
Auditor's remuneration – other services	1,904	5,122
(Release of provision) / provision for irrecoverable amounts due from members	(739,224)	2,068,897
Provision for bad and doubtful debts	1,451,361	61,631
(Profit) / loss on foreign exchange transactions	(46,700)	10,825
Operating lease rentals – land and buildings	143,855	80,173
Operating lease rentals – other	4,217	6,444
Depreciation of tangible fixed assets	22,783	32,344

Alvarez & Marsal Financial Industry Advisory Services LLP

Notes to the financial statements (continued)

For the year ended 31 December 2013

4 Operating profit / (loss) (continued)

Operating lease rentals – land and buildings include the LLP's share of the rental costs of jointly occupied premises leased by a fellow subsidiary (see Note 17).

The LLP's share of the total future minimum lease payments under these contracts at 31 December 2013 was:

	2013	2012
	€	€
Amounts due within one year	84,134	73,210
Amounts due within two and five years	355,231	345,883
Amounts due after more than five years	23,370	116,852
Total minimum future lease payments	<u>462,735</u>	<u>535,945</u>

5 Information in relation to members

	2013	2012
	No.	No.
The average number of members during the year was:	<u>9</u>	<u>7</u>
	€	€
The amount of profit / (loss) attributable to the member with the largest entitlement was:	<u>739,224</u>	<u>(1,206,857)</u>

Members are required to make their own provisions for pensions from their profit shares.

6 Staff Costs

	2013	2012
	€	€
Wages and salaries	2,917,389	2,179,385
Social security costs	348,476	274,312
Pension and health insurance costs	<u>18,017</u>	<u>26,707</u>
	<u>3,283,882</u>	<u>2,480,404</u>
The average number of employees during the year was:	No.	No.
Management and administration	<u>16</u>	<u>15</u>

7 Interest receivable and similar income

	2013	2012
	€	€
Interest receivable on staff loan	2,550	-
Interest on repayment of taxes	<u>-</u>	<u>270</u>
	<u>2,550</u>	<u>270</u>

Alvarez & Marsal Financial Industry Advisory Services LLP

Notes to the financial statements (continued)

For the year ended 31 December 2013

8 Interest payable and similar charges

	2013 €	2012 €
Interest on overdue taxation	651	-
	<u>651</u>	<u>-</u>

9 Tax on profit on ordinary activities

The taxable profits of Alvarez & Marsal Financial Industry Advisory Services LLP are assessed on the members. The LLP is not therefore liable to UK tax on trading profits or investment income.

The LLP's branch in the Republic of Ireland is liable to Irish corporation tax on its profits arising in that country. Full provision is made in the LLP's financial statements for all Irish corporation tax.

Other foreign taxes, including overseas withholding taxes deducted by clients on settlement of the LLP's fees are recognised as a tax charge in the statement of total comprehensive income to the extent that they cannot be recovered from the appropriate authorities.

The current tax charge is made up as follows:

	2013 €	2012 €
Irish corporation tax		
Provision for the year	24,408	-
Overseas withholding taxes	<u>-</u>	<u>-</u>
Current tax charge	<u>24,408</u>	<u>-</u>

10 Members remuneration charged as an expense

Profits of the LLP for all accounting periods are automatically allocated between members in accordance with the provisions of the LLP Agreement. As required by the revised Statement of Recommended Practice, "Accounting by Limited Liability Partnerships", published in July 2014, the allocation of the LLP's profits is recognised on the face of the statement of total comprehensive income as "members' remuneration charged as an expense".

Alvarez & Marsal Financial Industry Advisory Services LLP

Notes to the financial statements (continued)

For the year ended 31 December 2013

11 Tangible fixed assets

	<i>Leasehold land and buildings</i>	<i>Plant and machinery</i>	<i>Fixtures, fittings and equipment</i>	<i>Total</i>
	€	€	€	€
<i>Cost</i>				
At 1 January 2013	101,462	22,019	45,574	169,055
Additions	-	-	1,187	1,187
Disposals	-	(14,650)	-	(14,650)
At 31 December 2013	<u>101,462</u>	<u>7,369</u>	<u>46,761</u>	<u>155,592</u>
<i>Depreciation</i>				
At 1 January 2013	71,370	18,046	45,574	134,990
Charge for the year	20,293	2,370	120	22,783
In respect of disposals	-	(14,650)	-	(14,650)
At 31 December 2013	<u>91,663</u>	<u>5,766</u>	<u>45,694</u>	<u>143,123</u>
<i>Net book value</i>				
At 31 December 2013	<u>9,799</u>	<u>1,603</u>	<u>1,067</u>	<u>12,469</u>
At 31 December 2012	<u>30,092</u>	<u>3,973</u>	<u>-</u>	<u>34,065</u>

12 Debtors

	2013	2012
	€	€
Trade debtors	216,868	111,764
Amounts recoverable on contracts	1,464,834	135,498
Amounts due from members	1,500	1,500
Amounts due from group undertakings	277,004	278,571
Irish corporation tax recoverable	-	78,300
Other debtors	12,383	22,584
Prepayments and accrued income	48,840	51,690
	<u>2,021,429</u>	<u>679,907</u>

Alvarez & Marsal Financial Industry Advisory Services LLP

Notes to the financial statements (continued)

For the year ended 31 December 2013

13 Creditors: amounts falling due within one year

	2013 €	2012 €
Trade creditors	-	4,255
Amounts owed to members	1,023,520	867,215
Amounts owed to group undertakings	2,328,937	2,089,902
Irish corporation tax	12,204	-
Other tax and social security	220,150	49,936
Accruals and deferred income	389,452	335,063
	<u>3,974,263</u>	<u>3,346,371</u>

14 Financial instruments

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

	2013 €	2012 €
Financial assets		
<i>Measured at undiscounted amount receivable</i>		
Trade and other debtors	1,742,925	399,836
Amounts due from related parties	278,504	280,071
Cash at bank and in hand	141,317	93,827
	<u>2,162,746</u>	<u>773,734</u>
Financial liabilities		
<i>Measured at undiscounted amount payable</i>		
Trade and other creditors	621,806	389,254
Amounts owed to related parties	3,352,457	2,957,117
	<u>3,974,263</u>	<u>3,346,371</u>

Alvarez & Marsal Financial Industry Advisory Services LLP

Notes to the financial statements (continued)

For the year ended 31 December 2013

14 Financial instruments (continued)

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

	2013	2012
	€	€
Interest income / (expenses)		
Total interest income for financial assets measured at undiscounted amount receivable	2,550	270
Total interest expense for financial liabilities measured at undiscounted amount payable	(651)	-
Impairment gains / (losses)		
On financial assets measured at undiscounted amount receivable		
Provision for bad and doubtful debts	(1,451,361)	(61,631)
Release of provision / (provision) for irrecoverable amounts drawn by members on account of an allocation of a share of profits	739,224	(2,068,897)
Net foreign exchange gains / (losses) on the revaluation of financial assets and liabilities	<u>46,700</u>	<u>(10,825)</u>

15 Members' interests

A detailed analysis of the movements in members' interests is set out in the statements of changes in equity on pages 10 and 11.

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

The amount of capital each member is required to subscribe is determined by Alvarez & Marsal Financial Industry Advisory Services LLP Board and, under the Members' Agreement of Alvarez & Marsal Financial Industry Advisory Services LLP, a member can only withdraw capital when he or she ceases to be a member.

16 Financial commitments

As at 31 December 2013 and 2012, the LLP had no capital commitments and no commitments under finance lease contracts.

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

Alvarez & Marsal Financial Industry Advisory Services LLP

Notes to the financial statements (continued)

For the year ended 31 December 2013

17 Related party transactions

During the year the LLP entered into the following transactions with related parties:

	2013	2012
	€	€
Transactions with the ultimate parent company, Alvarez & Marsal Holdings LLC		
Fees (payable) for the provision of administrative support services	(469,149)	(228,785)
Fees (payable) for business referrals and the provision of expertise and staffing support	(98,016)	(210,177)
Transactions with the immediate parent company, Alvarez & Marsal Europe Holdings Limited		
Allocation of profits / (losses) for the period	(739,224)	1,206,857
Transactions with other fellow subsidiary undertakings of Alvarez & Marsal Holdings LLC		
Allocation of (profits) / losses for the period	-	862,040
Fees (payable) for the provision of administrative support services	(154,016)	(140,828)
Fees (payable) for business referrals and the provision of expertise and staffing support	(3,450,422)	(1,599,595)
Fees receivable for business referrals and the provision of expertise and staffing support	2,667,477	1,776,132
Share of rental costs for jointly occupied leasehold premises	(143,379)	(92,242)
Operating lease costs (payable) in respect of the hire of plant and machinery	(1,341)	-
Fees (payable) for taxation compliance and consultancy services	(13,996)	(12,743)
Fees (payable) for recruitment consultancy services	-	(27,907)
Fees (payable) for sales and marketing consultancy services	(21,770)	(26,073)

The key management personnel of the LLP during the year ended 31 December 2013 were its members.

The total remuneration for key management personnel for the year ended 31 December 2013 was as follows:

	2013	2012
	€	€
Drawings by members on account of an allocation of the profit for the period	3,874,901	2,150,441
Provision for irrecoverable amounts drawn by members at 1 January 2013	2,541,672	472,775
Provision for irrecoverable amounts drawn by members at 31 December 2013	(1,802,448)	(2,541,672)
Total remuneration for key management personnel	4,614,125	81,544

Alvarez & Marsal Financial Industry Advisory Services LLP

Notes to the financial statements (continued)

For the year ended 31 December 2013

17 Related party transactions (continued)

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

At 31 December 2013 the following amounts were owed by / (to) related parties:

	2013	2012
	€	€
Amounts due (to) / from controlling parties		
Alvarez & Marsal Holdings LLC	(212,426)	(284,486)
Alvarez & Marsal Europe Holdings Limited	(920,789)	(610,587)
Amounts due (to) / from key management personnel		
Unpaid members capital contributions	1,500	1,500
Other advances to / (from) members	(102,731)	(256,628)
	<u>(101,231)</u>	<u>(255,128)</u>
Other related parties		
Fellow subsidiary undertakings of Alvarez & Marsal Holdings LLC	<u>(1,839,507)</u>	<u>(1,526,845)</u>

These balances are unsecured, interest free and repayable on demand.

At 31 December 2013, the equity of the LLP included loans and other amounts due from its designated corporate member, Alvarez & Marsal Europe Holdings Limited amounting to €1,802,448 (2012: €2,541,672).

18 Controlling parties

The LLP's parent undertaking and immediate controlling party at the balance sheet date is its designated corporate member, Alvarez & Marsal Europe Holdings Limited, a company registered in England and Wales.

The parent undertaking of the group which includes the LLP and for which group financial statements are prepared is Alvarez & Marsal Europe Holdings Limited.

The ultimate parent company is Alvarez & Marsal Holdings LLC, a company formed in the United States of America.

The ultimate controlling parties are Antonio C Alvarez II and Bryan P Marsal.