

RSM UK Audit LLP
REPORT AND FINANCIAL STATEMENTS
for the year ended 31 March 2019



LLP Registration Number: OC325350

RSM UK Audit LLP
DESIGNATED MEMBERS AND AUDITOR
for the year ended 31 March 2019

Designated members

J M Ericson
K A Reid
N J Tristem
A J Westbrook

LLP Registration number

OC325350 (England and Wales)

Registered office

6th Floor
25 Farringdon Street
London
EC4A 4AB

Auditor

Kingston Smith LLP
Charlotte Building
17 Gresse Street
London
W1T 1QL

RSM UK Audit LLP

MEMBERS' REPORT

for the year ended 31 March 2019

The Management Board ("the Board") presents its report and the audited financial statements of RSM UK Audit LLP for the year ended 31 March 2019.

Management Board

The members of the Management Board who held office during the year were:

J M Ericson	
K A Reid	(appointed 1 April 2018)
N J Tristem	
A J Westbrook	(appointed 1 April 2018)

Principal activities

The principal activity of RSM UK Audit LLP is the provision of audit and assurance services. These financial statements are those of the "reportable segment" described in the Voluntary Code of Practice on disclosure of Audit Profitability promulgated by the Consultative Committee of Accountancy Bodies.

Review of the business

The results for the year and the financial position are set out in the financial statements on pages 8 to 17.

At a time when the scope and effectiveness of audit is under increasing scrutiny, the Board is pleased to present a strong set of results for the financial year. These results continue to reflect the quality and depth of audit skills in our partner and staff teams. Our recruitment, training and development strategies continue to ensure that a career in audit provides not only quality audit service delivery, but also an increasing pool of talent equipped to meet the challenges that the current business and economic climate presents.

Our client base represents a broad spectrum of UK business, with many active in a number of overseas markets. Our regional and international coverage ensures that we continue to offer a robust quality audit service, delivering value to clients and their varied stakeholders.

The Board, alongside wider group management and our Public Interest Committee members, have actively engaged in the Kingman and CMA reviews that have taken place in the past year. These, along with the Brydon review, not only present opportunities for RSM but also an ongoing challenge for the profession as a whole to ensure that audit remains relevant and continues to support confidence in our capital markets and wider UK business.

Technology now plays an increasing part of our overall audit methodology, but the application of judgement by our partners and teams will always be key to ensuring audit quality. This year saw the completion of a three-year project, alongside other member firms in the RSM International network, developing a new global audit methodology. The methodology is currently being rolled out. The Board considers that this investment, together with our ongoing recruitment and development strategies, puts us in a strong position to not only continue to service our existing clients and sectors, but to seize the opportunities presented by the audit market review.

Further details of how we manage our business and our audit quality systems and processes can be found in our Transparency Report, accessible via our website at www.rsmuk.com.

RSM UK Audit LLP

MEMBERS' REPORT (continued)

for the year ended 31 March 2019

Principal risks and uncertainties

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

- Client acceptance and continuance – the Board has established procedures for identifying high risk clients and those requiring upward referral through tiers of management, ultimately to the Board, as increased assessed risk is identified. In general, the LLP is not active in high audit risk environments;
- Legislation and regulation – the audit market is increasingly subject to detailed and complex regulation. As well as providing extensive and regular training to all persons engaged in audit work, the LLP has long-established and comprehensive processes and procedures which require compliance with all applicable laws and regulations and independent monitoring of such compliance. The LLP is also subject to external monitoring by two regulatory bodies;
- Ethical standards – the LLP is required to comply with Ethical Standards for Auditors and, individual members, with those of their professional body. The LLP's ethics partner is supported by an ethics team and the culture of ethical behaviour is underpinned by regular training;
- 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; and
- 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.

Key performance indicators

The key performance indicators, from a financial perspective, are utilisation, 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 members' agreement prescribes that the majority of members of the LLP shall be Audit Qualified Individuals as defined in Chapter 4 of the Audit Regulations and Guidance issued by the three Institutes of Chartered Accountants.

The Board determines the division of the profit share allocated to the individual members. Any remaining surplus is allocated to RSM UK Group LLP, the corporate member.

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 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 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 Audit LLP

MEMBERS' REPORT (continued)
for the year ended 31 March 2019

Designated members

The following designated members held office during the year:

J M Ericson
K A Reid (appointed 1 April 2018)
N J Tristem
A J Westbrook (appointed 1 April 2018)

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

Auditor

The Auditor, Kingston Smith LLP, Chartered Accountants, has indicated its willingness to continue in office.

Signed on behalf of the board on 12 July 2019 by:



N J Tristem
Designated Member

RSM UK Audit LLP

MEMBERS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

for the year ended 31 March 2019

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) require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including 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, subject to any material departures disclosed and explained in the accounts; 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 Audit LLP

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

for the year ended 31 March 2019

Opinion

We have audited the financial statements of RSM UK Audit LLP for the year ended 31 March 2019 which comprise the Income Statement, the Statement of Financial Position, the Reconciliation of Members' Interests and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the limited liability partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The members are responsible for the other information. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

RSM UK Audit LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RSM UK AUDIT LLP (continued) for the year ended 31 March 2019

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the limited liability partnership's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members.
- Conclude on the appropriateness of the members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the limited liability partnership's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

RSM UK Audit LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RSM UK AUDIT LLP (continued) for the year ended 31 March 2019

However, future events or conditions may cause the limited liability partnership to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008). Our audit work has been undertaken so that we might state to the Limited Liability Partnership's members those matters which 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 any party other than the Limited Liability Partnership and the Limited Liability Partnership's members as a body, for our work, for this report, or for the opinions we have formed.



John Staniforth (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory Auditor

Charlotte Building
17 Gresse Street
London
W1T 1QL
12 July 2019

RSM UK Audit LLP
INCOME STATEMENT
for the year ended 31 March 2019

	Notes	2019 £'000	2018 £'000
Turnover	1	80,999	77,728
Cost of sales		(37,098)	(38,175)
Gross profit		43,901	39,553
Other operating expenses	5	(22,429)	(22,496)
Profit for the financial year before members' remuneration and profit shares	2	21,472	17,057
Profit for the financial year before members' remuneration and profit shares		21,472	17,057
Members' remuneration charged as an expense:			
Individual members	3	7,764	7,459
Corporate member	4	13,708	9,598
		(21,472)	(17,057)
Profit for the financial year available for discretionary division amongst members		-	-

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

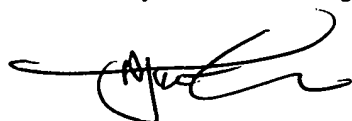
The LLP had no items of other comprehensive income in either the current or previous year.

RSM UK Audit LLP
STATEMENT OF FINANCIAL POSITION
as at 31 March 2019

(LLP Registration Number: OC325350)

	Notes	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	6	706	431
Investments	7	-	-
		<u>706</u>	<u>431</u>
Current assets			
Debtors	8	23,289	17,456
Creditors: amounts falling due within one year	9	(4,758)	(3,955)
Net current assets		<u>18,531</u>	<u>13,501</u>
Total assets less current liabilities		<u>19,237</u>	<u>13,932</u>
Provisions	10	(29)	(13)
Net assets attributable to members		<u>19,208</u>	<u>13,919</u>
Represented by:			
Loans and other debts due to members within one year			
Other amounts	11	16,448	11,444
Loans and other debts due to members after more than one year			
Members' capital	11	2,760	2,475
		<u>19,208</u>	<u>13,919</u>
Total members' interests			
Loans and other debts due to members	11	<u>19,208</u>	<u>13,919</u>

The financial statements on pages 8 to 17 were approved by the members and authorised for issue on 12 July 2019 and are signed on their behalf by:



N J Tristem
Designated member

The notes on pages 11 to 17 form part of these financial statements

RSM UK Audit LLP
RECONCILIATION OF MEMBERS' INTERESTS
as at 31 March 2019

	Members' Capital £'000	Loans and other debts due to/(from) members £'000	Total £'000
Members' interests at 1 April 2017	2,690	12,613	15,303
Members' remuneration charged as an expense:			
Individual members	-	7,459	7,459
Corporate member	-	9,598	9,598
Profit for the financial year available for discretionary division amongst members	-	-	-
Members' interests after profit for the year	2,690	29,670	32,360
Members' capital introduced	270	-	270
Members' capital repaid	(835)	-	(835)
Other amounts introduced by members	-	42	42
Drawings and distributions	-	(18,387)	(18,387)
Transfers between group LLPs	350	217	567
Transfer of other amounts due to former members	-	(98)	(98)
Members' interests at 31 March 2018	2,475	11,444	13,919
Members' remuneration charged as an expense:			
Individual members	-	7,764	7,764
Corporate member	-	13,708	13,708
Profit for the financial year available for discretionary division amongst members	-	-	-
Members' interests after profit for the year	2,475	32,916	35,391
Members' capital introduced	515	-	515
Members' capital repaid	(235)	-	(235)
Other amounts introduced by members	-	371	371
Drawings and distributions	-	(16,800)	(16,800)
Transfers between group LLPs	5	(16)	(11)
Transfer of other amounts due to former members	-	(23)	(23)
Members' interests at 31 March 2019	2,760	16,448	19,208

As permitted by the Statement of Recommended Practice (SORP), Accounting by Limited Liability Partnerships issued in January 2017, 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.

RSM UK Audit LLP

ACCOUNTING POLICIES

for the year ended 31 March 2019

General information

RSM UK Audit 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 January 2017, and under the historical cost convention.

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.

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 LLP is controlled by 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.

Fixed Asset Investments

Interests in subsidiaries are initially measured at cost, including directly attributable transaction costs and subsequently measured at cost less any accumulated impairment losses.

Going concern

Following a review of detailed budgets and cash flow forecasts, 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.

Tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:

Motor vehicles	-	25% per annum on original cost
----------------	---	--------------------------------

RSM UK Audit LLP

ACCOUNTING POLICIES (continued)

for the year ended 31 March 2019

Turnover and revenue recognition

Turnover represents amounts chargeable for professional services provided during the year, inclusive of direct expenses incurred on client assignments but excluding value added tax. Turnover is recognised when a right to consideration has been obtained through performance under each contract. Consideration accrues as contract activity progresses by reference to the value of the work performed.

Unbilled revenue is included in debtors as 'Amounts recoverable on services'. Amounts billed on account in excess of the amounts recognised as revenue are included in creditors as 'Payments received on account'.

Members' remuneration

Individual members

Members' share of profits and interest earned on members' balances 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

Profit remaining after sums allocated to individual members is available to the corporate member, RSM UK Group LLP. It is treated as so allocated and reported as 'Loans and other debts due to Members within one year'.

Members' monthly drawings are set by the 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 adopted 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.

Taxation

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

Provisions

Provisions are recognised when the LLP has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and that a reliable estimate can be made of the amount of the obligation.

The LLP makes provisions for any known professional indemnity claims based on an estimate of likely economic outflow arising for each claim. This includes financial estimates received from external professional advisors. The timing of the expected settlement of these claims is uncertain.

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. 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.

Trade debtors

Trade debtors are initially recognised at fair value. They are subsequently measured at amortised cost using the effective interest method less any provision for impairment. A provision for impairment is made where there is objective evidence (such as customers with financial difficulties or in default on payments) that amounts will not be recovered in accordance with the original terms of the agreement.

RSM UK Audit LLP
ACCOUNTING POLICIES (continued)
for the year ended 31 March 2019

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 equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are in relation to the valuation of amounts recoverable on services and hence turnover.

At 31 March 2019 the amounts recoverable on services totalled £2.266m (2018: £1.484m).

Another key area of judgement relates to the professional indemnity claims provision. At 31 March 2019 the professional indemnity provision totals £29,000 (2018: £13,000). The timing of settlement of this liability is uncertain.

RSM UK Audit LLP
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019

1. Turnover

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

2. Profit for the financial year before members' remuneration and profit shares

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

3. Individual members

	2019	<i>2018</i>
	£'000	<i>£'000</i>
The individual members' remuneration includes:		
Depreciation on the tangible fixed assets		
Charge for the year:		
Owned assets	323	216
Profit on disposal of tangible fixed assets	(49)	(16)
	<u> </u>	<u> </u>

4. Members' remuneration

	2019	<i>2018</i>
	Number	<i>Number</i>
Average number of members	100	105
	<u> </u>	<u> </u>
	2019	<i>2018</i>
	£'000	<i>£'000</i>
Profit attributable to the highest paid member	13,708	9,598
	<u> </u>	<u> </u>

The average number of members that received their remuneration through the LLP during the year was 52 (2018: 53), with remaining members being remunerated through fellow group LLPs of which they are also members.

5. Employee remuneration

No employee costs are included in these financial statements (2018: £nil).

A management charge has been made by RSM UK Management Limited and RSM UK Tax and Accounting Limited, both related businesses, for the provision of staff services. In terms of the CCAB Voluntary Code of Practice on Disclosure of Audit Profitability, RSM UK Audit LLP is deemed a single reportable segment and the charge is based on headcount.

RSM UK Audit LLP
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2019

6. Tangible fixed assets

	Motor vehicles £'000
Cost	
At 1 April 2018	922
Additions	666
Net transfers between group LLPs	1
Disposals	(239)
	1,350
Depreciation	
At 1 April 2018	491
Charge for the year	323
Net transfers between group LLPs	(21)
Disposals	(149)
	644
Net book value	
At 31 March 2019	706
At 31 March 2018	431

7. Investments

	Investments £
Cost	
At 31 March 2018 and 31 March 2019	7
Net book value	
At 31 March 2018 and 31 March 2019	7

The LLP has an investment in the following subsidiary which is registered at 6th Floor, 25 Farringdon Street, London, EC4A 4AB.

<i>Subsidiary undertaking</i>	<i>Class of holding</i>	<i>Proportion held</i>	<i>Nature of business</i>
Arrandco Audit Limited	Ordinary	100%	Non-trading

The shares at the year-end are held in trust for the LLP by N J Tristem and J M Ericson.

RSM UK Audit LLP

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2019

8. Debtors

	2019	2018
	£'000	£'000
Trade debtors	17,766	15,851
Amounts recoverable on services	2,266	1,484
Amounts owed from group undertakings	3,257	121
	<u>23,289</u>	<u>17,456</u>

9. Creditors: amounts falling due within one year

	2019	2018
	£'000	£'000
Payments received on account	2,714	2,065
Taxes and social security costs	1,948	1,792
Amounts due to former members	23	98
Other creditors	73	-
	<u>4,758</u>	<u>3,955</u>

10. Provisions

	Professional Indemnity £'000
Balance at 31 March 2018	13
Utilised	(3)
Charged to the income statement	19
	<u>29</u>
Balance at 31 March 2019	<u>29</u>

The provision relates to professional indemnity claims, as noted in the accounting policies.

RSM UK Audit LLP

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 March 2019

11. Members' interests

Members' interests can be analysed as follows:

	Due after one year 2019 £'000	Due within one year 2019 £'000	Total 2019 £'000
Members' capital	2,760	-	2,760
Other loans and debts due to members	-	16,448	16,448
Members' interests at 31 March 2019	<u>2,760</u>	<u>16,448</u>	<u>19,208</u>

	Due after one year 2018 £'000	Due within one year 2018 £'000	Total 2018 £'000
Members' capital	2,475	-	2,475
Other loans and debts due to members	-	11,444	11,444
Members' interests at 31 March 2018	<u>2,475</u>	<u>11,444</u>	<u>13,919</u>

During the year individual members introduced capital into the LLP.

The basis of profit allocation 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 and would rank after unsecured creditors in the event of a winding-up.

12. Related party transactions

The LLP is exempt from disclosing related party transactions as they are with other companies that are wholly owned within the group.

13. Control

RSM UK Holdings Limited, registered in England and Wales, is the ultimate controlling party of RSM UK Audit 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.

14. Contingent liability

The LLP has provided a guarantee in respect of liabilities to Lloyds Bank plc of its corporate member, RSM UK Group LLP, and certain other entities within the group. Further details of the bank borrowings to which the guarantee applies, which at 31 March 2019 totalled £30.125m (2018: £44.625m), are detailed in the financial statements of RSM UK Group LLP for the year ended 31 March 2019.