RSM UK Audit LLP

REPORT AND FINANCIAL STATEMENTS

for the year ended 31 March 2023

LLP Registration Number: OC325350

RSM UK Audit LLP

DESIGNATED MEMBERS AND AUDITOR
for the year ended 31 March 2023

Designated members

J M Ericson
C J Hackney
B G Lawrance
C Leece
J W C Lowe
C D Roberts
S S Salim
N Warburton
A J Westbrook

LLP Registration number

OC325350 (England and Wales)

Registered office

6th Floor
25 Farringdon Street
London
EC4A 4AB

Auditor

Saffery Champness
Trinity
16 John Dalton Street
Manchester
M2 6HY

RSM UK AUDIT LLP

MEMBERS' REPORT
FOR THE YEAR ENDED 31 MARCH 2023

The Management Board ("the Board") presents its report and the audited financial statements of RSM UK Audit LLP for the year ended 31 March 2023.

Management Board

The members of the Management Board who held office during the year, and subsequent to the year end, were as follows:

J M Ericson	
C J Hackney	(appointed 1 April 2023)
B G Lawrance	(appointed 1 April 2023)
C Leece	(appointed 1 April 2023)
J W C Lowe	(appointed 1 April 2023)
K A Reid	(resigned 31 March 2023)
C D Roberts	(appointed 1 April 2023)
S S Salim	(appointed 1 April 2023)
N Warburton	(appointed 1 April 2023)
A J Westbrook	(resigned 31 March 2023)

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 10 to 20.

The year to 31 March 2023 saw further strong growth in our turnover and profitability. We have continued to onboard new clients and seen strong growth in our existing portfolio, as our clients have seen success in their own growth plans.

We continue to increase our trainee intakes and invest in the development of our teams, to meet demand and ensure that our work can be delivered with a clear focus on audit quality. Our regulatory reviews are positive, and the development of our technical and quality teams support timely and proactive engagement with our supervisory bodies.

At the end of the year, we completed our review of our management and oversight bodies, informed by both the Audit Firm Governance Code and FRC principles of operational separation. Our audit board now has formal representation from quality, technical and operational team members, and we established the Audit Oversight Board, with our audit non-executives.

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.

The LLP is included within the RSM UK Group of related businesses (the "RSM UK Group") headed by the ultimate controlling party, RSM UK Holdings Limited.

Risk management and principal risks

The environment in which the RSM UK Group operates presents a broad range of opportunities and risks.

The effective identification and management of risk for each entity in the RSM UK Group is the responsibility of the individual Boards' and management teams who have prepared their own risk registers, risk mitigation analysis, and assurance measures.

Responsibility for the RSM UK Group as a whole is devolved to the Board of the ultimate controlling party, RSM UK Holdings Limited, with responsibility for establishing and managing the Group's risk management framework being delegated to the National Leadership Team.

The principal risks that could significantly impact the Group's strategic objectives, professional reputation, and/or financial strength, are:

Principal risk	Risk trend	Risk description
Client and engagement acceptance	↔	Failure to adequately follow regulatory requirements, or consider reputational impacts of accepting certain clients or engagements.
Client portfolio	↔	Failure to ensure a diverse client portfolio.
Service availability and delivery	↔	Failure of core service-related systems, loss of data or the lack of capacity and/or capability to deliver large and complex engagements.
Compliance with other laws and regulations	↔	Failure to adhere, and effectively respond, to the letter and the spirit of relevant laws and regulatory standards in providing services.
Disputes, complaints, and litigation	↔	Failure to conduct services with due care and attention to detail.
Competition and technological change	↔	Failure to adapt our operations and service offerings to the needs of our current and prospective clients, including through the use of technology, as well as sustainably differentiating from our competitors.
Cyber, data, and information security	↑	Failure to prevent, detect, respond to, or recover from, an attack on our systems and associated data.
Attracting and retaining talent	↔	Failure to attract, recruit, develop and retain talent.
Culture	↔	Failure to foster and enable a culture where our people can thrive and have a positive impact in everything they do.
Global capabilities	↑	Failure to ensure access to a reputable global network with the reach and capabilities to provide a premium service.
Operating model	↓	Failure to generate and maintain sufficient capital, and realise sufficient value from key investments.
Macro-economic and geopolitical factors	↑	Failure to adapt and respond to economic and political factors impacting the UK and the global network, directly or indirectly.

Further details of the RSM UK Group's risk management framework and risk mitigations for the principal risks outlined above can be found in the financial statements of RSM UK Holdings Limited.

Full details of RSM UK Audit LLP's risk management and principal risks are contained within the RSM UK Audit Transparency Report which can be found on RSM website at www.rsmuk.com.

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.

Energy and carbon report

The LLP is exempt from preparing an energy and carbon report as it is included in the group report of RSM UK Holdings Limited, which is prepared to 31 March 2023 and contains the Greenhouse Gas Emissions, Energy Consumption and Energy Efficiency disclosures required by Part 7A of Schedule 7 to Statutory Instrument 2008/410 'Large And Medium-Sized Companies And Groups (Accounts And Reports) Regulations 2008'.

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 policy for members' drawings is the payment of a monthly amount on account of each member's base profit share in each Accounting Period. In accordance with the members handbook supplemented by the members' agreement, at the end of each Accounting Period, any amounts retained due to members on account of each member's profit share are payable by equal quarterly instalments commencing six months after the end of each Accounting Period or at such other time as determined by the Management Board. Both monthly and quarterly 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 interest bearing and repayable after an individual member's retirement in accordance with the members agreement.

Designated members

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

J M Ericson	
C J Hackney	(appointed 1 April 2023)
B G Lawrance	(appointed 1 April 2023)
C Leece	(appointed 1 April 2023)
J W C Lowe	(appointed 1 April 2023)
K A Reid	(resigned 31 March 2023)
C D Roberts	(appointed 1 April 2023)
S S Salim	(appointed 1 April 2023)
N Warburton	(appointed 1 April 2023)
A J Westbrook	

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

Auditor

The auditor, Saffery Champness, Chartered Accountants, has indicated its willingness to continue in office.
Signed on behalf of the board by:

A J Westbrook
Designated Member

31 August 2024

RSM UK AUDIT LLP

MEMBERS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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; 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.

Opinion

We have audited the financial statements of RSM UK Audit LLP for the year ended 31 March 2023 which comprise the Income Statement, Statement of Financial Position, 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 2023 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.

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.

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.

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.

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

Chartered Accountants
Statutory Auditors

Trinity
16 John Dalton Street
Manchester
M2 6HY

31 August 2024

RSM UK AUDIT LLP

INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

	Note	**2023 £'000**	*2022 £'000*
Turnover	1	140,342	117,150
Cost of sales		(67,101)	(54,906)
Gross profit		73,241	62,244
Other operating expenses		(37,188)	(31,299)
Profit for the financial year before members' remuneration and profit shares	2	36,053	30,945
Profit for the financial year before members' remuneration and profit shares		36,053	30,945
Members' remuneration charged as an expense:			
Individual members	3	12,678	12,336
Corporate member	3	23,375	18,609
		(36,053)	(30,945)
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.

The notes on pages 13 to 20 form part of these financial statements

RSM UK AUDIT LLP

RECONCILIATION OF MEMBERS' INTERESTS
AS AT 31 MARCH 2023

	Note	2023 £'000	*2022 £'000*
Fixed assets			
Tangible assets	5	345	175
Investments	6	-	-
		345	175
Current assets			
Debtors	7	39,159	34,469
Creditors: amounts falling due within one year	8	(5,902)	(5,321)
Net current assets		33,257	29,148
Total assets less current liabilities		33,602	29,323
Provisions	9	(50)	(1,038)
Net assets attributable to members		33,552	28,285
Represented by:			
Loans and other debts due to members within one year			
Other amounts	10	27,011	25,300
Loans and other debts due to members after more than one year			
Members' capital	10	2,905	2,985
Other amounts	10	3,636	-
		33,552	28,285
Total members' interests			
Loans and other debts due to members	10	33,552	28,285

The financial statements on pages 10 to 20 were approved by the members and authorised for issue on 31 August 2023 and are signed on their behalf by:

A J Westbrook
Designated member

The notes on pages 13 to 20 form part of these financial statements

RSM UK AUDIT LLP

RECONCILIATION OF MEMBERS' INTERESTS AS AT 31 MARCH 2023

	Loans and other debts due to members		
	Members' Capital £'000	Other amounts £'000	Total £'000
Members' interests at 1 April 2021	2,920	28,152	31,072
Members' remuneration charged as an expense:			
Individual members	-	12,336	12,336
Corporate member	-	18,609	18,609
Members' interests after profit for the year	2,920	59,097	62,017
Members' capital introduced	255	-	255
Members' capital repaid	(115)	-	(115)
Other amounts introduced by members	-	(38)	(38)
Drawings and distributions	-	(33,460)	(33,460)
Transfers between group LLPs	(75)	(148)	(223)
Transfer of other amounts due to former members	-	(151)	(151)
Members' interests at 31 March 2022	2,985	25,300	28,285
Members' remuneration charged as an expense:			
Individual members	-	12,678	12,678
Corporate member	-	23,375	23,375
Members' interests after profit for the year	2,985	61,353	64,338
Members' capital introduced	500	-	500
Members' capital repaid	(290)	-	(290)
Other amounts introduced by members	-	105	105
Drawings and distributions	-	(29,748)	(29,748)
Transfers between group LLPs	(290)	(909)	(1,199)
Transfer of other amounts due to former members	-	(154)	(154)
Members' interests at 31 March 2023	2,905	30,647	33,552

As permitted by the Statement of Recommended Practice (SORP), Accounting by Limited Liability Partnerships issued in December 2021, 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 13 to 20 form part of these financial statements

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 December 2021, 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.
- 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 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. Therefore, these financial statements are those of RSM UK Audit LLP only.

Going concern

As part of the RSM UK Group the LLP is included within the Group's annual strategic, risk, operational, and financial business planning process.

As part of this business planning process, the Group has prepared detailed forecasts and cash flows for the year to 31 March 2024. It also prepares projections for a further two years to form an integrated three-year model including associated cash flows and statements of financial position.

In preparing these forecasts, the Group considered: the ongoing impacts of Brexit, and the war in Ukraine; sensitivity to changes in the macroeconomic environment and adverse impacts that could arise as a result of the risks outlined in the risk management and principal risks section (pages 2 and 3) of the Members Report.

Based on these forecasts and cashflows, the Management Board is satisfied that the LLP has adequate resources to continue in operational existence for the foreseeable future and accordingly, continues to adopt the going concern basis in preparing these financial statements.

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 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

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' capital

Contributions to members' capital (Liabilities) are made by members in such sums as are recommended by the Management Board with the Corporate member's prior approval. Members' capital is repayable after retirement, in accordance with the members' agreement, and recognised as 'Loans and other debts due to members after one year'. Whilst financing transactions, the effect of discounting is considered immaterial and so members' capital is not discounted to present value.

Retiring members are subject to a voluntary retirement notice period with Management Board determination over when notices shall be deemed to have been served to allow for succession planning where appropriate.

Members' remuneration

Individual members
Members' share of profits and interest earned on members' balances are automatically divided and, together with members' benefits, such as motor expenses, are treated as members' remuneration charged as an expense to the Income Statement. It is treated as automatically divided and included in 'Loans and other debts due to members within one year' and 'Loans and other debts due to members after one year'. Losses are allocated to a separate loss reserve and are only allocated to the members in restricted circumstances at the determination of the Management Board, subject to prior approval of the Corporate member.

Corporate member
Profit remaining after sums allocated to individual members is available to the corporate member, RSM UK Group LLP. It is treated as automatically divided and included in 'Loans and other debts due to members within one year'.

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 and reduced by any provision for amounts that may not be recoverable, until offset, settled or waived. The same treatment is adopted in respect of members who retire during the period. However, to the extent the profit allocations exceed drawings for a member that has retired, the excess profit is included in the Statement of Financial Position 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 estimates the amount of professional liability claims based on the expected cost of defending and concluding any ongoing claims. Provisions are made on a case-by-case basis in respect of the estimated cost. 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. No separate disclosure is made of the detail of such claims or proceedings, or the costs recovered by insurance, as to do so could seriously prejudice the position of the LLP. 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.

Financial instruments

The LLP has elected to apply the provisions of Section 11 'Basic Financial Instruments' 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.

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 the professional liability claims and valuation of amounts recoverable on services and hence turnover.

Revenue recognition and amounts recoverable on services
At 31 March 2023 the amounts recoverable on services totalled £3.682m (2022: £3.730m).

Professional liability claims

The LLP estimates the amount of professional liability claims based on the expected cost of defending and concluding any ongoing claims. At 31 March 2023 the professional indemnity provision totalled £0.005m (2022: £1.038m). The timing of settlement of this liability is uncertain.

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

	2023 £'000	*2022 £'000*
Profit for the financial year before members' remuneration and profit shares is arrived at after charging/(crediting):		
Depreciation on the tangible fixed assets		
Charge for the year:		
Owned assets	156	170
Profit on disposal of tangible fixed assets	(106)	(90)

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

3. Members' remuneration

	2023 Number	*2022 Number*
Average number of members	108	108

	2023 £'000	*2022 £'000*
Profit attributable to the highest paid member	23,375	18,609

The average number of members that received their remuneration through the LLP during the year was 46 (2022: 54), with remaining members being remunerated through fellow group LLPs of which they are also members.

4. Employee remuneration

No employee costs are included in these financial statements (2022: £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.

5. Tangible fixed assets

	Motor vehicles £'000
Cost	
At 1 April 2022	987
Additions	340
Net transfers between group LLPs	(80)
Disposals	(225)
At 31 March 2023	1,022
Depreciation	
At 1 April 2022	812
Charge for the year	156
Net transfers between group LLPs	(80)
Disposals	(211)
At 31 March 2023	677
Net book value	
At 31 March 2023	345
At 31 March 2022	175

6. Investments

	Investments £
Cost	
At 31 March 2022 and 31 March 2023	7
Net book value	
At 31 March 2022 and 31 March 2023	7

The LLP has investments in the following subsidiaries which are registered at 6th Floor, 25 Farringdon Street, London, EC4A 4AB.

Subsidiary undertaking	*Class of holding*	*Proportion held*	*Nature of business*
Arrandco Audit Limited	Ordinary	100%	In members voluntary liquidation

7. Debtors

	2023 £'000	*2022 £'000*
Trade debtors	30,662	25,182
Amounts recoverable on services	3,682	3,730
Amounts owed from group undertakings	4,798	5,557
Other receivables	17	-
	39,159	34,469

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

8. Creditors: amounts falling due within one year

	2023 £'000	*2022 £'000*
Payments received on account	5,447	5,042
Taxes and social security costs	-	15
Amounts due to former members	153	151
Other creditors	302	113
	5,902	5,321

9. Provisions

	Professional Indemnity £'000
Balance at 31 March 2022	1,038
Utilised	(454)
Charged/(credited) to income statement:	
- Additional provisions	10
- Unused amounts reversed	(544)
Balance at 31 March 2023	50

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

10. Members' interests

Members' interests can be analysed as follows:

	Due after one year 2023 £'000	Due within one year 2023 £'000	Total 2023 £'000
Members' capital	2,905	-	2,905
Other loans and debts due to members	3,636	27,011	30,647
Members' interests at 31 March 2023	6,541	27,011	33,552

	Due after one year 2022 £'000	*Due within one year 2022 £'000*	*Total 2022 £'000*
Members' capital	2,985	-	2,985
Other loans and debts due to members	-	25,300	25,300
Members' interests at 31 March 2022	2,985	25,300	28,285

During the year individual members introduced capital into the LLP.

Members' capital is repayable after retirement in accordance with the members' agreement and in the event of a winding up ranks after unsecured creditors. The basis of profit allocation is described in the Accounting Policies. In the event of a winding up, other debts due to members representing allocated and divided profits not yet paid rank pari passu with third party creditors.

During the year the LLP amended and restated the members' agreement with effect from 29 March 2023. As a result, loans and other debts due to individual members, representing divided profits not yet paid, have become contractually payable in four equal instalments, commencing six months after the end of the accounting period. Such balances are therefore now included in 'Loans and other debts due to members within one year' and 'Loans and other debts due to members after one year'.

11. 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.

12. Control

The ultimate controlling party until 3 April 2023 was RSM UK Holdings Limited, a company registered in England and Wales.

For 31 March 2023 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.

On 3 April 2023 Arrandco Group Limited became the ultimate controlling party, being the ultimate and immediate parent company of RSM UK Holdings Limited. Arrandco Group Limited is incorporated in England and Wales.

13. 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 2023 totalled £7.4m (2022: £9.9m), are detailed in the financial statements of RSM UK Group LLP for the year ended 31 March 2023.