

**Report of the Members and
Financial Statements
for the Year Ended 31 December 2022
for
FTI CONSULTING LLP**

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FTI CONSULTING LLP

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for the year ended 31 December 2022**

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FTI CONSULTING LLP
General Information
for the year ended 31 December 2022

Designated members: FTI Consulting Group Limited
FTI Consulting Management Limited

Registered office: 200 Aldersgate
Aldersgate Street
London
EC1A 4HD

Registered number: OC372614 (England and Wales)

Auditor: KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL

FTI CONSULTING LLP
Report of the Members
for the year ended 31 December 2022

The members present their report with the financial statements of FTI Consulting LLP (the "LLP") for the year ended 31 December 2022.

Principal activity

The principal activity of the LLP is to provide consultancy services across our Corporate Finance & Restructuring, Economic Consulting, Forensic & Litigation Consulting, Technology and Strategic Communication segments. The LLP is registered under the number OC 372614.

Results

Revenue increased by 4% due to increased demand for our Strategic Communications, Technology and Economic Consulting services. Costs of sales increased 10% due to continued investment in our billable headcount where we increased headcount by 5%. Administrative expenses increased by 29% due to an increase in general & administration support headcount, non-billable travel and higher impairment of debtors charges associated with clients based in, or with funding linked to, Russia & Ukraine.

Energy & Carbon Report

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 made it compulsory for large LLPs to report on their energy use and carbon emissions. Following a review of its energy use and carbon emissions in the year it was determined that the LLP was a low consumer as it used less than 40 MWh per annum and as such will not disclose its energy use and emission information.

Designated members

FTI Consulting Management Limited and FTI Consulting Group Limited were designated members of the LLP throughout the current and prior period.

Members' interests and capital

Members are permitted to make drawings in anticipation of profits which will be allocated to them. The amount of such drawings is set at the beginning of each financial year, taking into account the anticipated cash needs of the LLP.

New members are required to subscribe a minimum level of capital. On retirement, capital is repaid to non-corporate members.

Going concern

The basis of preparation for these accounts has been included in note 2.3 on page 11.

Disclosure of information to auditors

Each of the persons who are members at the time when this Members' Report is approved has confirmed that:

- so far as that member is aware, there is no relevant audit information of which the LLP's auditors are unaware, and
- that member has taken all the steps that ought to have been taken as a member in order to be aware of any relevant audit information and to establish that the LLP's auditors are aware of that information.

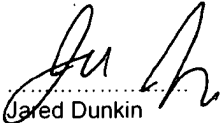
FTI CONSULTING LLP

**Report of the Members
for the year ended 31 December 2022**

Auditor

KPMG LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006 as modified by the Limited Liability Partnerships Regulations 2008 and will therefore continue in office.

This report was approved by the members on 28 September 2023 and signed on their behalf by:



Jared Dunkin
FTI Consulting Management Limited
Designated member

200 Aldersgate
Aldersgate Street
London
EC1A 4HD

FTI Consulting LLP

Members' Responsibilities Statement for the year ended 31 December 2022

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

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under Regulation 8 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 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 LLP and of its profit or loss 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

Under Regulation 6 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, 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 its financial statements comply with those regulations. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the LLP and to prevent and detect fraud and other irregularities.

**Independent Auditor's report to the members of
FTI Consulting LLP**

Opinion

We have audited the financial statements of FTI Consulting LLP ("the LLP") for the year ended 31 December 2022 which comprise the Income Statement, the Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view, of the state of affairs of the LLP as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the LLP in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The members have prepared the financial statements on the going concern basis as they do not intend to liquidate the LLP or to cease its operations, and as they have concluded that the LLP's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the members' conclusions, we considered the inherent risks to the LLP's business model and analysed how those risks might affect the LLP's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the members' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the LLP's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the LLP will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of members and inspection of policy documentation as to the LLP's high-level policies and procedures to prevent and detect fraud, including the LLP's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading board minutes.
- Considering remuneration incentive schemes and performance targets.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

**Independent Auditor's report to the members of
FTI Consulting LLP (continued)**

Fraud and breaches of laws and regulations – ability to detect - continued

Identifying and responding to risks of material misstatement due to fraud - continued

As required by auditing standards and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual or unexpected accounts, unbalanced journals that do not total to nil and all material post close journals.
- Comparing, on a sample basis, specific revenue transactions recorded near the year-end with underlying source documents to assess whether the revenue was recognised in the appropriate period.

Identifying and responding to risks of material misstatement due to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience through discussion with the members and other management (as required by auditing standards), and discussed with the members and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the LLP is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the LLP is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection, anti-bribery, employment laws and certain aspects of LLP legislation recognising the nature of the LLP's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the members and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations

Other information

The members are responsible for other information, which comprises the members' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the members' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

**Independent Auditor's report to the members of
FTI Consulting LLP (continued)**

Members' report - continued

Based solely on that work:

- we have not identified material misstatement in the members' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements;
- in our opinion that report has been prepared in accordance with the Companies Act 2006 as applied to limited liability partnerships.

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report 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.

We have nothing to report in these respects.

Members' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the LLP'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 they either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

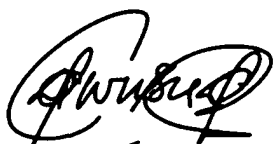
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by Regulation 39 of 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 LLP'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 LLP and the LLP's members, as a body, for our audit work, for this report, or for the opinions we have formed.



George Awusu (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

Date: 29 September 2023

FTI CONSULTING LLP
Statement of Comprehensive Income
for the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Turnover	4	400,995	386,648
Cost of sales		<u>(230,551)</u>	<u>(210,245)</u>
Gross profit		170,444	176,403
Administrative expenses		<u>(63,807)</u>	<u>(49,340)</u>
Operating profit	5	106,637	127,063
Interest receivable and similar income	8	172	138
Interest payable and similar expenses	9	<u>(3)</u>	<u>(93)</u>
Profit for the financial year before members' remuneration and profit shares		<u>106,806</u>	<u>127,108</u>
Profit for the financial year before members' remuneration and profit shares		106,806	127,108
Members' remuneration charges as an expense	17	<u>(106,806)</u>	<u>(127,108)</u>
Profit for the financial year available for discretionary division among members		<u>-</u>	<u>-</u>

The LLP has no other comprehensive income, therefore no separate statement of other comprehensive income has been provided.

The results for the current and preceding years arise from continuing business activities.

The notes on pages 11 to 25 form part of these financial statements.

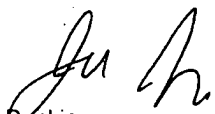
FTI CONSULTING LLP (REGISTERED NUMBER: OC372614)

Balance Sheet
31 December 2022

	Notes	2022		2021	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	10		40,732		48,850
Tangible assets	11		9,276		10,286
			<u>50,008</u>		<u>59,136</u>
Current assets					
Debtors amounts falling due after more than one year	12	6,490		8,320	
Debtors amounts falling due within one year	12	270,094		282,022	
Cash at bank	13	28,194		32,296	
		<u>304,778</u>		<u>322,638</u>	
Creditors					
Amounts falling due within one year	14	<u>(88,084)</u>		<u>(75,338)</u>	
Net current assets (including £6,490,000 (2021: £8,320,000) due after more than year)			<u>216,694</u>		<u>247,300</u>
Total assets less current liabilities			<u>266,702</u>		<u>306,436</u>
Net assets attributable to members			<u>266,702</u>		<u>306,436</u>
Loans and other debts due to members	16				
Members' capital classified as liability			22,987		22,893
Other amounts			157,435		197,263
			<u>180,422</u>		<u>220,156</u>
Members' other interests					
Members capital classified as equity			86,280		86,280
			<u>266,702</u>		<u>306,436</u>
Total members' interests					
Members' other interests			86,280		86,280
Loans and other debts due to members	16		180,422		220,156
Amounts due from members			<u>(5,723)</u>		<u>(6,681)</u>
			<u>260,979</u>		<u>299,755</u>

The notes on pages 11 to 25 form part of these financial statements.

The financial statements were approved by the members of the LLP and authorised for issue on 28 September 2023 and were signed by:


Jared Dunkin
FTI Consulting Management Limited
Designated member

FTI CONSULTING LLP

**Statement of Changes in Equity
for the year ended 31 December 2022**

	Members' capital (classified as equity) £'000	Other reserves £'000	Total equity £'000
At 1 January 2022	<u>86,280</u>	<u>-</u>	<u>86,280</u>
At 31 December 2022	<u>86,280</u>	<u>-</u>	<u>86,280</u>
At 1 January 2021	<u>86,280</u>	<u>-</u>	<u>86,280</u>
At 31 December 2021	<u>86,280</u>	<u>-</u>	<u>86,280</u>

The notes on pages 11 to 25 form part of these financial statements.

FTI CONSULTING LLP

Notes to the Financial Statements - continued for the year ended 31 December 2022

1. General information

FTI Consulting LLP (the "LLP") is a limited liability partnership incorporated and domiciled in the UK. The registered number is OC 372614 and the registered address is 200 Aldersgate, Aldersgate Street, London, EC1A 4HD.

2. Accounting policies

2.1 Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The LLP has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of FTI Consulting Inc. include the disclosures equivalent to those required by FRS 102, the LLP has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The LLP's ultimate parent undertaking, FTI Consulting Inc. includes the LLP in its consolidated financial statements. The consolidated financial statements of FTI Consulting Inc. are available to the public and may be obtained from 16701 Melford Blvd. Suite 200, Bowie, Maryland 20715, USA. In these financial statements, the LLP is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the above disclosures.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

2.3 Going concern

The financial statements have been prepared on a going concern basis which the members consider to be appropriate for the following reasons. During 2022, the LLP made a profit for the year before members' remuneration and profit share of £106,806,000 (2021: £127,108,000) and as at the Balance Sheet date had a net asset position of £266,702,000 (2021: £306,436,000). The LLP continues to trade satisfactorily and deliver positive cashflows.

The members have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period. All forecast scenarios assume continued access to intercompany funding from FTI Consulting Inc. (the ultimate parent) for the entirety of the going concern period.

The LLP participates in a cash pooling arrangement with group companies FTI Financial Services Limited and FTI UK Holdings Ltd, with a cross guarantee agreement in place (note 21) between all participants, whereby each participant guarantees the intra-group liabilities of each party. Working capital liquidity forecasts are dependent on the LLP's ultimate parent company, FTI Consulting Inc., not seeking repayment of the amounts currently due by the LLP and fellow subsidiaries with which the LLP has cross guarantees (note 21), which at 31 December 2022 amounted to £48,664,999 (2021: £55,171,354), across all entities covered by the guarantees, to other FTI group companies.

FTI CONSULTING LLP

Notes to the Financial Statements - continued for the year ended 31 December 2022

2. Accounting policies - continued

2.3 Going concern - continued

FTI Consulting Inc. has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts and will continue to provide funding to the LLP, if required, to meet its liabilities as they fall due for at least the next 12 months from the date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, the members acknowledge that there can be no certainty this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

As noted above, the LLP is party to cross guarantees together with other group companies. This guarantee includes FTI UK Holdings Limited who holds a loan note of £42,000,000 due to group undertakings which was due to mature in October 2022. This was refinanced in September 2022 and will now mature in October 2024.

Consequently, the members are confident that the LLP will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.4 Foreign currency translation

Functional and presentation currency

The presentation currency of these financial statements is sterling, with numbers rounded to the nearest thousand.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses are presented in the Statement of Comprehensive Income with differences arising on translation of trading related positions recognised in operating results within administrative expenses and differences arising on translation of financing related positions recognised within interest receivable and other income or interest payable and other charges.

2.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the LLP and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

FTI CONSULTING LLP

Notes to the Financial Statements - continued for the year ended 31 December 2022

2. Accounting policies - continued

2.5 Revenue recognition - continued

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the LLP will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Revenue is generated by the provision of professional services to clients. Turnover comprises of the total amounts billed to external clients under three main types of billing arrangements: time-and expense, fixed-fee and performance-based. Turnover is stated exclusive of VAT.

Time-and-materials billing arrangements require the client to pay based on the number of hours worked by revenue-generating professionals at contractually agreed-upon rates. Revenue is recognised based on professional services rendered under time-and-expense engagements based on the hours incurred at agreed-upon rates as work is performed. In some cases, time-and-expense arrangements are subject to a cap, in which case the work is assessed on a periodic basis to ensure that the cap has not been exceeded.

In fixed-fee billing arrangements, fees are pre-established in exchange for a pre-determined set of professional services. Generally, the client agrees to pay a fixed fee every month over the specified contract term. These contracts are for varying periods and generally permit the client to cancel the contract before the end of the term. Revenue is recognised for professional services rendered under these fixed-fee billing arrangements monthly over the specified contract term or, in certain cases, revenue is recognised on the percentage of completion method of accounting based on the ratio of labour hours incurred to estimated total labour hours, which is considered to be the best available indicator of the pattern and timing in which such contract obligations are fulfilled.

In performance-based or contingent billing arrangements, fees are tied to the attainment of contractually defined objectives. Often this type of arrangement supplements a time-and-expense or fixed-fee engagement, where payment of a performance-based fee is deferred until the conclusion of the matter or upon the achievement of performance-based criteria. Revenue is not recognised under performance-based billing arrangements until all related performance criteria are met and collection of the fee is reasonably assured.

Reimbursable expenses, including those relating to travel, out-of pocket expenses, outside consultants and other similar costs, are generally included in turnover, and an equivalent amount of reimbursable expense is included in costs of sales in the period in which the expense is incurred.

Revenues recognised, but not yet billed to clients, have been recorded as "amounts recoverable on unbilled receivables" and included within "debtors" in the Balance Sheet.

2.6 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over five years.

Notes to the Financial Statements - continued
for the year ended 31 December 2022

2. Accounting policies – continued

2.6 Intangible assets - continued

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

- Trademark license – 7 years
- Software – 1 to 3 years
- Customer relationships - 15 years

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the LLP assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

- Leasehold improvements - remaining life of the lease
- Fixtures and fittings - 7 years
- Computer equipment - 3 years

Some assets are recognised as construction in progress at the balance sheet date before the assets become operational. These are mainly leasehold improvements on premises.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

2.8 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income statement.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

Notes to the Financial Statements - continued
for the year ended 31 December 2022

2. **Accounting policies - continued**

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Amounts recoverable on unbilled receivables

Amounts recoverable on unbilled receivables represent the gross unbilled amount for contract work performed to date and is measured at the lower of cost and net realisable value, less a provision for foreseeable losses and progress billings to date.

If payments received from customers exceed the income recognised, then the difference is presented as accruals and deferred income in the balance sheet.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Financial instruments

The LLP only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the LLP would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

FTI CONSULTING LLP

Notes to the Financial Statements - continued for the year ended 31 December 2022

2. Accounting policies - continued

2.13 Operating leases: the LLP as lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.14 Pensions

Defined contribution pension plan

The LLP operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the LLP pays fixed contributions into a separate entity. Once the contributions have been paid the LLP has no further payment obligations. The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the LLP in independently administered funds.

2.15 Share based payments

The share option programme of FTI Consulting Inc (the LLP's ultimate parent company) allows employees to acquire shares in that company. The fair value of options granted and those not yet vested as at 31 December 2021 is recognised as an employee expense. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where the forfeiture is only due to share prices not achieving the threshold for vesting.

2.16 Members' participation rights

Members' participation rights are the rights of a member against the LLP that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed, remuneration and profits).

Members' participation rights in the earnings or assets of the LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity, in accordance with Section 22 of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', and the requirements of the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships'. A member's participation right results in a liability unless the right to any payment is discretionary on the part of the LLP.

Amounts subscribed or otherwise contributed by members, for example members' capital, are classified as equity if the LLP has an unconditional right to refuse payment to members. If the LLP does not have such an unconditional right, such amounts are classified as liabilities. Where profits are automatically divided as they arise, so the LLP does not have an unconditional right to refuse payment, the amounts arising that are due to members are in the nature of liabilities. They are therefore treated as an expense in the Statement of Comprehensive Income in the relevant year. To the extent that they remain unpaid at the year end, they are shown as liabilities in the Balance Sheet.

Conversely, where profits are divided only after a decision by the LLP or its representative, so that the LLP has an unconditional right to refuse payment, such profits are classified as an appropriation of equity rather than as an expense. They are therefore shown as a residual amount available for discretionary division among members in the Statement of Comprehensive Income and are equity appropriations in the Balance Sheet.

Other amounts applied to members, for example remuneration paid under an employment contract and interest on capital balances, are treated in the same way as all other divisions of profits, as described above, according to whether the LLP has, in each case, an unconditional right to refuse payment.

All amounts due to members that are classified as liabilities are presented in the Balance Sheet within 'Loans and other debts due to members' and are charged to the Statement of Comprehensive Income within 'Members' remuneration charged as an expense'. Amounts due to members that are classified as equity are shown in the Balance Sheet within 'Members' other interests'.

FTI CONSULTING LLP

Notes to the Financial Statements - continued for the year ended 31 December 2022

2. Accounting policies - continued

2.17 Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.18 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the LLP's accounting policies, which are described in note 2, the members are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities recognised by the LLP. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of the revision and future periods if the revisions affects both current and future periods.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Revenue recognition

Revenue from work undertaken by the LLP is recognised when the amount of revenue can be measured reliably and it is probable that economic benefits will arise from that work. Judgement is applied in estimating the expected future recoverable value of the revenue that remains unbilled as the statement of financial position date. This judgement is based on relevant facts and is supported by historical data and analysis applicable to the relevant work type. As at 31 December 2022 the LLP recognised £37,969,000 (2021: £29,052,000) of unbilled revenue in debtors as 'amounts recoverable on unbilled receivables'.

4. Turnover

The turnover and profit for the financial year before members' remuneration and profit shares are attributable to the one principal activity of the LLP.

An analysis of turnover by geographical market is given below:

	2022 £'000	2021 £'000
United Kingdom	205,766	189,198
Rest of Europe	88,470	99,221
Rest of the World	106,759	98,229
	<u>400,995</u>	<u>386,648</u>

FTI CONSULTING LLP

**Notes to the Financial Statements - continued
for the year ended 31 December 2022**

5. Operating profit

The operating profit is stated after charging:

	2022	2021
	£'000	£'000
Depreciation of tangible fixed assets	2,510	3,013
Amortisation of intangible assets, including goodwill	9,206	9,346
Rental expenses – operating leases	466	651
Foreign exchange (gains)/losses	(4,746)	1,279
	2022	2021

Auditor's remuneration of £175,262 (2021: £144,238) was paid by the LLP.

6. Employee information

Staff costs, including salaried members' remuneration were as follows:

	2022	2021
	£'000	£'000
Wages and salaries	153,738	133,362
Social security costs	20,005	17,975
Cost of defined contribution scheme	6,068	5,263
Share based payments	-	139
	2022	2021

The average monthly number of persons employed (including for these purposes self-employed members engaged on work exclusively for the LLP) during the year was as follows:

	2022	2021
Account handling staff	972	926
Support and administration staff	271	223
	2022	2021

7. Information in relation to members

	2022	2021
The average number of members during the year was:	92	95

	2022	2021
	£'000	£'000
The amount of profit attributable to the member with the largest entitlement was:	46,349	62,166

8. Interest receivable and similar income

	2022	2021
	£'000	£'000
Bank interest receivable	51	7
Interest on other loans	121	131
	2022	2021

FTI CONSULTING LLP

Notes to the Financial Statements - continued
for the year ended 31 December 2022

9. Interest payable and similar expenses

	2022 £'000	2021 £'000
Other loan interest payable	<u>3</u>	<u>93</u>

10. Intangible fixed assets

	Goodwill £'000	Customer relationships £'000	Trademark £'000	Computer software £'000	Totals £'000
Cost					
At 1 January 2022	7,534	1,561	55,823	883	65,801
Additions	-	-	-	1,088	1,088
Disposals	-	-	-	(883)	(883)
At 31 December 2022	<u>7,534</u>	<u>1,561</u>	<u>55,823</u>	<u>1,088</u>	<u>66,006</u>
Depreciation					
At 1 January 2022	7,534	1,118	8,189	110	16,951
Charge for the year	-	104	7,975	1,127	9,206
Disposals	-	-	-	(883)	(883)
At 31 December 2022	<u>7,534</u>	<u>1,222</u>	<u>16,164</u>	<u>354</u>	<u>25,274</u>
Net book value					
At 31 December 2022	<u>-</u>	<u>339</u>	<u>39,659</u>	<u>734</u>	<u>40,732</u>
At 31 December 2021	<u>-</u>	<u>443</u>	<u>47,634</u>	<u>773</u>	<u>48,850</u>

11. Tangible fixed assets

	Leasehold improvements £'000	Fixtures and fittings £'000	Computer equipment £'000	Totals £'000
Cost				
At 1 January 2022	12,141	2,378	6,299	20,818
Additions	36	42	1,422	1,500
Disposals	-	-	(2,825)	(2,825)
At 31 December 2022	<u>12,177</u>	<u>2,420</u>	<u>4,896</u>	<u>19,493</u>
Depreciation				
At 1 January 2022	4,880	1,312	4,340	10,532
Charge for the year	1,101	229	1,180	2,510
Disposals	-	-	(2,825)	(2,825)
At 31 December 2022	<u>5,981</u>	<u>1,541</u>	<u>2,695</u>	<u>10,217</u>
Net book value				
At 31 December 2022	<u>6,196</u>	<u>879</u>	<u>2,201</u>	<u>9,276</u>
At 31 December 2021	<u>7,261</u>	<u>1,066</u>	<u>1,959</u>	<u>10,286</u>

FTI CONSULTING LLP

Notes to the Financial Statements - continued
for the year ended 31 December 2022

12. Debtors

	2022 £'000	2021 £'000
Amounts falling due after more than one year		
Prepayments and accrued income	2,845	5,040
Prepayments associated with members	3,645	3,280
	<u>6,490</u>	<u>8,320</u>
Amounts falling due within one year		
Trade debtors	69,906	63,218
Amounts recoverable on unbilled receivables	37,969	29,052
Amounts owed by group undertakings	154,167	177,830
Other debtors	886	946
Prepayments and accrued income	5,086	7,582
Prepayment associated with members	2,080	3,394
	<u>270,094</u>	<u>282,022</u>
Total debtors	<u>276,584</u>	<u>290,342</u>

Amounts owed by group undertakings are not interest bearing and are repayable on demand.

13. Cash at bank

	2022 £'000	2021 £'000
Cash at bank	<u>28,194</u>	<u>32,296</u>

14. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	326	1,326
Amounts owed to group undertakings	24,460	20,444
Social security and other taxes	8,868	7,644
Other creditors	38,478	32,692
Accruals and deferred income	15,952	13,232
	<u>88,084</u>	<u>75,338</u>

Amounts owed to group undertakings are not interest bearing and are repayable on demand.

FTI CONSULTING LLP

Notes to the Financial Statements - continued
for the year ended 31 December 2022

15. **Financial risk management**

The LLP has exposures to three main areas of risk - foreign exchange transactional currency exposure, liquidity risk and customer credit exposure.

Foreign exchange transactional currency exposure

The LLP is exposed to currency exchange rate risk due to a proportion of its receivables being denominated in non-sterling currencies. The net exposure of each currency is monitored and managed by the use of foreign currency bank accounts.

Liquidity risk

The objective of the LLP in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The LLP expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the LLP has access to the group credit facility held by FTI Consulting Inc..

Customer credit exposure

The LLP may offer credit terms to its customers which allow payment of the debt after delivery of the services. The LLP is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer relationships.

16. **Loans and other debts due to members**

	2022 £'000	2021 £'000
Member capital treated as debt	22,987	22,893
Amounts due to members	<u>157,435</u>	<u>197,263</u>
	<u>180,422</u>	<u>220,156</u>

All loans and other debts due to members are due within one year.

Loans and other debts due to members rank equally with debts due to ordinary creditors in the event of a winding up.

FTI CONSULTING LLP

Notes to the Financial Statements - continued
for the year ended 31 December 2022

17. Members' Interests

	EQUITY		DEBT		Total members' interests
	Members' other interests	Loans and other debts due to members less any amounts due from members in debtors			
	Members' capital (classified as equity)	Members' capital (classified as debt)	Other amounts	Total	Total
	£000	£000	£000	£000	£000
Amounts due to members	-	22,893	197,263	220,156	
Amounts due from members	-	-	(6,681)	(6,681)	
Balance at 31 December 2021	86,280	22,893	190,582	213,475	299,755
Members' remuneration charged as an expense	-	-	106,806	106,806	106,806
Members' interests after profit for the year	86,280	22,893	297,388	320,281	406,561
Amounts introduced by members	-	3,126	-	3,126	3,126
Repayment of capital	-	(3,032)	-	(3,032)	(3,032)
Intra-group corporate member transactions	-	-	(78,043)	(78,043)	(78,043)
Drawings	-	-	(67,633)	(67,633)	(67,633)
	86,280	22,987	151,712	174,699	260,979
Amounts due to members	-	22,987	157,435	180,422	
Amounts due from members	-	-	(5,723)	(5,723)	
Balance at 31 December 2022	86,280	22,987	151,712	174,699	260,979

There are no other restrictions or limitations which impact the ability of the members of the LLP to reduce the amount of Members' other interests.

FTI CONSULTING LLP

**Notes to the Financial Statements - continued
for the year ended 31 December 2022**

18. Commitments under operating leases

As at 31 December, the following amounts were due from/(due to) group entities:

	2022	2021
	£'000	£'000
Not later than 1 year	63	134
Later than 1 year and not later than 5 years	-	63
	<u>63</u>	<u>197</u>

19. Related party transactions

As at 31 December, the following amounts were due from/(due to) group entities:

	2022	2021
	£'000	£'000
Bold Capital Management B.V.	1,355	-
Bold Support Optimisation B.V.	(11)	-
Andersch AG	998	600
FTI Consulting Media Center FZ-LLC	(210)	94
FTI Capital Advisors (DIFC) Limited	57	7
FTI Consulting Global Holdings Limited	41	10
FTI Consulting UK1 Holdings Ltd	706	686
FTI Consulting UK2 Holdings Limited	31	11
FTI Consulting Denmark ApS	(2,753)	(1,408)
Andersch Assurance GmbH WPG	5	5
FT Consulting UK3 Holdings Limited	16	-
Compass Lexecon (Belgium) SPRL - Italian Branch	(2,269)	(2,301)
FTI Consulting Italy S.r.l.	210	-
FTI Consulting Inc.	13,068	(4,416)
FTI Capital Advisors LLC	50	-
Compass Lexecon LLC	(424)	10,250
FTI Consulting Technology LLC	7,344	2,671
FTI Consulting (SC) Inc.	(1,884)	(3,283)
FTI Consulting Ltd	(51)	9
FTI Financial Services Ltd	(411)	12,120
FTI Cons. (Strategic Comm) S.A.S.	(481)	(280)
FTI Consulting B.V.	(25)	165
FTI Consulting Technology (Sydney) PTY LTD	47	17
FTI Consulting Gulf Limited	(3,646)	(2,375)
FTI Consulting S.A. (Argentina)	(42)	(46)
FTI Consultoria Ltda	21	(131)
FTI Consulting South Africa (Pty) Ltd	5,763	5,019
FTI Consulting Mexico, S. de R.L. de C.V.	(1)	(8)
FTI Consulting Canada ULC	468	83
FTI Consulting (SC) (Beijing) Co. Ltd	-	(63)
FTI Consulting India Private LTD	(511)	(352)
FTI Consulting (SC) Ltda.	12	1
FTI Consulting (Sydney) PTY LTD	(39)	(10)
FTI Hosting LLC	(43)	(172)
FTI Consulting (CM) Limited	39	-
RMCG Acquisition LLC	(1,065)	-
FTI Consulting Solutions Limited	(76)	-

FTI CONSULTING LLP

Notes to the Financial Statements - continued
for the year ended 31 December 2022

19. Related party transactions - continued

	2022 £'000	2021 £'000
FTI Consulting (China) Ltd.	700	462
FTI Consulting Inc. - LT	(595)	(595)
FTI Consulting (SC) Inc	168	6
FTI Consulting Services (Israel) Ltd	140	505
FTI Capital Management - Cayman	-	25
Compass Lexecon Belgium SPRL	(406)	684
FTI UK Holdings Limited	120,562	139,485
FTI Consulting Belgium SA	76	139
FTI Consulting Spain S.R.L.	106	(2,633)
FTI Consulting Solutions Limited	1,416	222
FTI Consulting Deutschland Gmbh	(2,841)	3,604
FTI Consulting SC GmbH	(954)	(290)
FTI France SARL	(2,146)	(136)
FTI Consulting Colombia SAS	-	1
FTI Consulting (Hong Kong) Ltd	(309)	(68)
FTI Consulting (Singapore) PTE Ltd.	(822)	(113)
FTI Consulting (Asia) Ltd.	120	(40)
FTI Consulting (China) Ltd.	(16)	(17)
FTI Consulting Ptd Ltd	(2)	3
FTI Consulting – Qatar LLC	(98)	(90)
FTI Consulting Solutions Limited	432	420
FTI Consulting Australia Pty Ltd	(29)	(7)
FTI Consulting (Government Affairs) LLC	184	164
FTI Consulting (BVI) Limited	(3)	-
FTI Consulting (Cayman) Limited	(3)	66
FTI Consulting Management Solutions Ltd	(521)	(1,447)
FTI Consulting Reality LLC	-	69
FTI Consulting Denmark ApS	-	(10)
FTI Consulting Malaysia Sdn. Bhd.	28	25
FTI Global VAT Compliance B.V	4	6
FTI Consulting South Korea	(621)	(90)
FTI Consulting Finland Limited	(1,152)	135

As at 31 December, the following amounts were due from/(due to) the designated members:

	2022 £'000	2021 £'000
FTI Consulting Management Limited	(136,685)	(168,395)
FTI Consulting Group Limited	-	68

The total revenue from provision of consultancy services to related parties for the year was £67,440,399 (2021: £72,290,980).

The total expenses from engaging related parties to provide consultancy services for the year was £56,356,882 (2021: £49,617,819).

FTI CONSULTING LLP

**Notes to the Financial Statements - continued
for the year ended 31 December 2022**

20. Controlling party and ultimate parent company

The LLP is a subsidiary undertaking of FTI Consulting Management Limited. The ultimate controlling party is FTI Consulting Inc..

The largest group in which the results of the LLP are consolidated is that headed by FTI Consulting Inc.. No other group financial statements include the results of the LLP. The consolidated financial statements of the group are available to the public and may be obtained from 16701 Melford Blvd. Suite 200, Bowie, Maryland 20715, USA.

21. Guarantees and contingent liabilities

Intercompany guarantees exist for banking facilities whereby FTI Consulting LLP has secured its cash pooling assets against the cash pooling borrowing of the following entities:

FTI UK Holdings Limited
FTI Financial Services Limited

There are no other legal guarantees besides the intercompany guarantees noted above.

As at 31 December 2022, there were no balances drawn under these facilities (2021: nil).