

RSM INTERNATIONAL LIMITED
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017



RSM INTERNATIONAL LIMITED
(A Company Limited by Guarantee)

COMPANY INFORMATION

Directors	Mr B J Eaton Mr G Erhard Mr P W Wong Mr M Kirley Mr W Popkes (resigned 31 July 2017) Mr L Longe Mr J Komninos Mr R R Gu (resigned 25 April 2018) Mr L Loyning Mr L Toelen Mr J Perez Mr S Walter (appointed 1 January 2018)
Company secretary	J. Stephens
Registered number	04040598
Registered office	50 Cannon Street 2nd Floor London EC4N 6JJ
Independent auditors	Price Bailey LLP Chartered Accountants & Statutory Auditors Dashwood House 69 Old Broad Street London EC2M 1QS
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP
Solicitors	Taylor Wessing LLP 5 New Street Square London EC4A 3TW

RSM INTERNATIONAL LIMITED
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RSM INTERNATIONAL LIMITED
(A Company Limited by Guarantee)

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

Principal activity

RSM International Limited ('RSM International') was incorporated in England & Wales as a private Company limited by guarantee and commenced business on 25 July 2000. RSM is the brand used by the global network of independent accounting and advisory member firms, each of which practices in its own right. Each member firm is a member of RSM International.

RSM International is the administrative entity for the global RSM network and does not itself provide any accounting and advisory services. RSM International has its office in London, UK, where the Chief Executive Officer leads a team of technical and non-technical staff in the delivery of the RSM International Board of Directors (the "Board") approved network strategy, and operational running of the RSM network.

The primary purpose of RSM International in its capacity as administrator of the RSM network is to provide member firms with global resources and an infrastructure that supports and encourages international business, facilitates the provision of high quality services to clients, both within their national markets and across borders. The RSM network provides vital connections and cohesion between member firms; promoting trust by building strong and lasting relationships and providing common methods and processes that assist members in meeting international standards.

The Board sets the international strategy of the RSM network and acts in the interests of all member firms. The strategy is set out in the 5-year Strategic Plan. The annual Operational Plan, which outlines the centrally led and funded activities, is presented to member firms for comment before being approved by the Board. Membership fees are collected from the member firms by RSM International to fund the planned activities. The funding formula used to calculate each member and correspondent firm's fees is approved by the Board on an annual basis.

RSM International is a member of the Forum of Firms, with the shared objective to promote consistent and high-quality standards of financial and auditing practices worldwide.

Business review

RSM International maintains a strong focus on global sustainable growth and financial success. Creating lasting business stability and helping member firms of all sizes to prosper is core to the global vision of the RSM network. RSM International is also focused on the growth and sustainability of member firms and has programmes and activities in place such as marketing and public relations, finance, risk, legal and governance activities designed to ensure the short and long-term effectiveness of the RSM network.

The 2017 survey of the International Accounting Bulletin confirmed that RSM remained the sixth largest network of independent audit, tax and consulting firms globally. The RSM network now comprises member and correspondent firms in over 120 countries with more than 800 offices, 43,000 staff and combined revenues in excess of \$5.1billion.

The total revenue for RSM International for the fiscal year ended 31 December 2017 was \$16.828m (2016: \$17.587m) and total expenses, including interest received and taxation charges, were \$15.357m (2016: \$16.275m) resulting in a net surplus for the year of \$1.471m (2016: \$1.312m). Total revenue decreased by 4.3% over the prior year due to removal of the special branding assessment fee.

Total expenses decreased by 5.6% over the previous year due to the timing for the implementation of some projects which has resulted in these being rescheduled to be completed in 2018 resulting in higher retained earnings.

Results for fiscal years 2017 and 2016 are in line with management's expectations based on initiatives set out in the approved Operational plan and the agreed global strategy.

RSM INTERNATIONAL LIMITED
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STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

Principal risks and uncertainties

The principal risks and uncertainties which affect the RSM network and RSM International itself include damage to the global RSM brand and its reputation, litigation, inadequate engagement quality, breach of security and confidentiality, non-compliance with regulations and non-collectable fees due from member firms.

The Board Risk Committee continues to identify and address risks which may affect the achievement of the RSM network's objectives, impacting the development and growth of the network. The Board Risk Committee has met face-to-face twice during the year and has held several conference calls. Updates on the strategic risk profile of the network has been presented at each International Board meeting. Specific risks relating to quality and regulatory compliance are also overseen by an Executive committee of the Board, namely the Transnational Assurance Services Executive Committee. Reports from both committees are regularly presented to the Board.

Credit Risk

RSM International has not engaged with any credit or banking facility to obtain borrowings and as a result credit risk is not applicable.

Foreign Currency Risk

All member firms of the RSM network are billed by RSM International in US\$ and currently there is no exception for any member firm to be billed in any other currency. The agreed policy as set by the Board is for any currency risk to be the responsibility of each member firm.

Reserves Policy

The audited Financial Statements as at 31 December 2017 show total retained earnings of US\$7,320,453 (2016: US\$5,849,714). This figure will reduce in 2018 to accommodate the carried-forward projects from 2017 as they complete.

The level of retained earnings is monitored on an ongoing basis and reviewed yearly. The intention is that these retained earnings will be built up over time in order to enable RSM International to continue providing future services and activities for RSM member firms, even in the event of unforeseen circumstances relating to the RSM network.

This report was approved by the board on *27 June 2018* and signed on its behalf.


Mr M Kirley
Chairman

RSM INTERNATIONAL LIMITED
(A Company Limited by Guarantee)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors 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 Company and of the retained earnings of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results

The profit for the year, after taxation, amounted to \$1,470,739 (2016 - \$1,312,110).

Directors

The directors who served during the year were:

Mr B J Eaton
Mr G Erhard
Mr P W Wong
Mr M Kirley
Mr W Popkes (resigned 31 July 2017)
Mr L Longe
Mr J Komninos
Mr R R Gu (resigned 25 April 2018)
Mr L Loyning
Mr L Toelen
Mr J Perez

Future developments

The International Board of Directors do not anticipate changes to the nature of the business that would impact the Company's operations.

RSM INTERNATIONAL LIMITED
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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

Disclosure of information to auditors

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

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

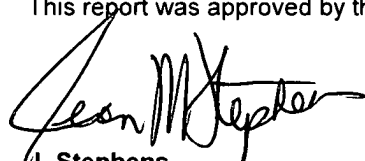
Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Price Bailey LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



U. Stephens
Secretary

Date: 29 June 2018

RSM INTERNATIONAL LIMITED
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RSM INTERNATIONAL LIMITED

Opinion

We have audited the financial statements of RSM International Limited (the 'Company') for the year ended 31 December 2017, which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 the Company's affairs as at 31 December 2017 and of its surplus 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.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in

RSM INTERNATIONAL LIMITED
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RSM INTERNATIONAL LIMITED
(CONTINUED)

our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 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
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors 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 directors 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 directors are responsible for assessing the Company'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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

RSM INTERNATIONAL LIMITED
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RSM INTERNATIONAL LIMITED
(CONTINUED)

Auditors' 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 Auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.



Richard Vass (Senior Statutory Auditor)

for and on behalf of
Price Bailey LLP

Chartered Accountants
Statutory Auditors

Dashwood House
69 Old Broad Street
London
EC2M 1QS

Date: *3rd July 2018*

RSM INTERNATIONAL LIMITED
(A Company Limited by Guarantee)

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 \$	2016 \$
Turnover	4	16,828,469	17,587,327
Gross surplus		<u>16,828,469</u>	<u>17,587,327</u>
Administrative expenses		(15,391,725)	(16,283,642)
Operating surplus	5	1,436,744	1,303,685
Interest receivable and similar income	8	42,494	10,531
Surplus before tax		<u>1,479,238</u>	<u>1,314,216</u>
Tax on profit	9	(8,499)	(2,106)
Surplus after tax		<u><u>1,470,739</u></u>	<u><u>1,312,110</u></u>
Retained earnings at the beginning of the year		<u>5,849,714</u>	<u>4,537,604</u>
		5,849,714	4,537,604
Surplus for the year		<u>1,470,739</u>	<u>1,312,110</u>
Retained earnings at the end of the year		<u><u>7,320,453</u></u>	<u><u>5,849,714</u></u>

The notes on pages 11 to 19 form part of these financial statements.

RSM INTERNATIONAL LIMITED
(A Company Limited by Guarantee)
REGISTERED NUMBER: 04040598

BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 \$	2016 \$
Fixed assets			
Tangible assets	10	301,237	459,465
		301,237	459,465
Current assets			
Debtors: amounts falling due within one year	11	1,977,362	1,858,820
Cash at bank and in hand	12	14,358,522	5,763,288
		16,335,884	7,622,108
Creditors: amounts falling due within one year	13	(9,256,668)	(2,231,859)
Net current assets		7,079,216	5,390,249
Total assets less current liabilities		7,380,453	5,849,714
Provisions for liabilities			
Dilapidation provision	15	(60,000)	-
		(60,000)	-
Net assets		7,320,453	5,849,714
Capital and reserves			
Retained earnings		7,320,453	5,849,714
		7,320,453	5,849,714

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


Mr M Kirley
Chairman

Date: *27 June 2018*

The notes on pages 11 to 19 form part of these financial statements.

RSM INTERNATIONAL LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	\$	\$
Cash flows from operating activities		
Surplus for the financial year	1,470,739	1,312,110
Adjustments for:		
Depreciation of tangible assets	227,993	213,630
Interest received	(42,494)	(10,531)
Taxation charge	8,499	2,106
(Increase)/decrease in debtors	(118,542)	15,133
Increase/(decrease) in creditors	7,018,416	(1,046,358)
Increase in provisions	60,000	-
Corporation tax (paid)	(2,106)	(1,041)
Net cash generated from operating activities	8,622,505	485,049
Cash flows from investing activities		
Purchase of tangible fixed assets	(69,765)	(36,766)
Interest received	42,494	10,531
Net cash from investing activities	(27,271)	(26,235)
Net increase in cash and cash equivalents	8,595,234	458,814
Cash and cash equivalents at beginning of year	5,763,288	5,304,474
Cash and cash equivalents at the end of year	14,358,522	5,763,288
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	14,358,522	5,763,288
	14,358,522	5,763,288

RSM INTERNATIONAL LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

RSM International Limited is a private Company limited by guarantee incorporated in England, United Kingdom. The trading address and address of the registered office is 50 Cannon Street, 2nd Floor, London, EC4N 6JJ, and is given in the Company Information page of these financial statements. The nature of the Company's operations and principal activities are that of a professional membership organisation activities.

2. Accounting policies

2.1 Basis of preparation of 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.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Revenue

Revenue comprises amounts receivable during the year from member and correspondent firms for annual membership fees and any other services provided. Annual membership fees are assessed for each year based on an agreed income structure and billed in advance. All amounts are stated excluding value added tax.

2.3 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.

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.

Depreciation is provided on the following basis:

Fixtures and fittings	-	20%
Office equipment	-	33%

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 Income and Retained Earnings.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.4 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.5 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.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.6 Financial instruments

The Company 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 non-puttable ordinary shares.

2.7 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.

2.8 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is United States Dollars.

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.

2.9 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings 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.

RSM INTERNATIONAL LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings 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 Company in independently administered funds.

2.11 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Income and Retained Earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.13 Taxation

Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

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

There are not considered to be any key sources of estimation uncertainty which, if proven to be inaccurate, would cause a material error in the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

4. Turnover

Analysis of turnover by country of destination:

	2017	2016
	\$	\$
United Kingdom	1,692,644	1,714,442
Rest of the world	15,135,825	15,872,885
	16,828,469	17,587,327
	16,828,469	17,587,327

5. Operating surplus

The operating surplus is stated after charging:

	2017	2016
	\$	\$
Depreciation of tangible fixed assets	227,993	213,630
Exchange differences	(138,473)	217,053
Defined contribution pension cost	157,036	108,497
	246,556	539,180
	246,556	539,180

6. Auditors' remuneration

	2017	2016
	\$	\$
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	11,255	9,344
	11,255	9,344
Fees payable to the Company's auditor and its associates in respect of:		
All other services	2,212	2,190
	2,212	2,190
	2,212	2,190

RSM INTERNATIONAL LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

7. Employees

Staff costs were as follows:

	2017 \$	2016 \$
Wages and salaries	3,923,774	3,368,385
Social security costs	452,586	368,073
Cost of defined contribution scheme	157,036	108,497
	<u>4,533,396</u>	<u>3,844,955</u>

During the year no director received remuneration from the Company (2016 - \$NIL).

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Staff and directors	<u>39</u>	<u>36</u>

8. Interest receivable

	2017 \$	2016 \$
Other interest receivable	42,494	10,531
	<u>42,494</u>	<u>10,531</u>

9. Taxation

	2017 \$	2016 \$
Corporation tax		
Current tax on surplus for the year	8,499	2,106
Total current tax	<u>8,499</u>	<u>2,106</u>

Factors affecting tax charge for the year

The Company is a mutual trade establishment for tax purposes and is accordingly only subject to taxation on its non-mutual trade income, untaxed interest and any chargeable gains.

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

RSM INTERNATIONAL LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

10. Tangible fixed assets

	Fixtures and fittings \$	Office equipment \$	Total \$
Cost or valuation			
At 1 January 2017	598,700	281,670	880,370
Additions	29,535	40,230	69,765
At 31 December 2017	<u>628,235</u>	<u>321,900</u>	<u>950,135</u>
Depreciation			
At 1 January 2017	238,066	182,839	420,905
Charge for the year on owned assets	125,650	102,343	227,993
At 31 December 2017	<u>363,716</u>	<u>285,182</u>	<u>648,898</u>
Net book value			
At 31 December 2017	<u>264,519</u>	<u>36,718</u>	<u>301,237</u>
At 31 December 2016	<u>360,634</u>	<u>98,831</u>	<u>459,465</u>

11. Debtors

	2017 \$	2016 \$
Trade debtors	307,419	597,738
Other debtors	639,240	556,425
Prepayments and accrued income	1,030,703	704,657
	<u>1,977,362</u>	<u>1,858,820</u>

12. Cash and cash equivalents

	2017 \$	2016 \$
Cash at bank and in hand	14,358,522	5,763,288
	<u>14,358,522</u>	<u>5,763,288</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. Creditors: Amounts falling due within one year

	2017	2016
	\$	\$
Trade creditors	1,555,429	46,153
Corporation tax	8,499	2,106
Other taxation and social security	118,347	101,940
Other creditors	41,793	17,919
Accruals and deferred income	7,532,600	2,063,741
	9,256,668	2,231,859

14. Financial instruments

	2017	2016
	\$	\$
Financial assets		
Financial assets measured at fair value through the Statement of Income and Retained Earnings	14,358,522	5,763,288
Financial assets that are debt instruments measured at amortised cost	1,013,036	1,169,939
	15,371,558	6,933,227
Financial liabilities		
Financial liabilities measured at amortised cost	(3,788,029)	(2,109,894)
	(3,788,029)	(2,109,894)

Financial assets measured at fair value through the Statement of Income and Retained Earnings comprise cash and cash equivalents.

Financial assets that are debt instruments measured at amortised cost comprise trade and other debtors.

Financial liabilities measured at amortised cost comprise trade and other creditors; and accruals and deferred income.

15. Provisions

	Dilapidations Provision \$
Charged to profit or loss	60,000
At 31 December 2017	60,000

RSM INTERNATIONAL LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

16. Company status

The Company is a private Company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £100 towards the assets of the Company in the event of liquidation.

17. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to \$157,036 (2016 - \$108,497). Contributions totalling \$41,793 (2016 - \$17,919) were payable to the fund at the balance sheet date and are included within creditors.

There were no pension contributions paid in respect of the directors (2016 - \$NIL).

18. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017	2016
	\$	\$
Not later than 1 year	368,543	336,991
Later than 1 year and not later than 5 years	1,474,172	1,347,965
Later than 5 years	1,005,668	1,259,374
	<u>2,848,383</u>	<u>2,944,330</u>

The Company made payments under non-cancellable operating leases in the year of \$267,171 (2016: \$271,839).

RSM INTERNATIONAL LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

19. Related party transactions

The directors (as listed on page 3 of the financial statements) are all either employees, partners or directors of member firms of the Company.

During the normal course of business, member firms are appointed to undertake work on behalf of the Company and member firms who have an employee, partner or director on the board of directors of the Company were paid the following amounts for services undertaken:

- Expenses reimbursed in the undertaking of board duties: \$185,624 (2016: \$228,249)
- Expenses reimbursed in the undertaking of duties for other committees: \$311,194 (2016: \$212,956)
- Expenses reimbursed in the undertaking of Due Diligence, Global Inspection Programme and other related expenses: \$332,863 (2016: \$210,251)
- Expenses reimbursed in the undertaking of training programmes: \$Nil (2016: \$28,126)
- Asia Pacific and Africa regional subsidy payment to RSM Asia Pacific and RSM South Africa: \$854,034 (2016: \$767,553)
- Services provided by RSM UK Group LLP: \$12,416 (2016: \$39,662)
- Services provided by RSM USA LLP: \$20,781 (2016: \$192,634)
- Services provided by RSM Australia Pty Ltd: \$157,911 (2016: \$88,975)
- Services provided by RSM Hong Kong: \$57,241 (2016: \$Nil)

Balances due to those member firms as at the year end totalled \$398,240 (2016: \$12,745).

Balances due from those member firms as at the year end totalled \$181,486 (2016: \$467,582).

All transactions were made at arm's length.

The member firms are expected to contribute a reasonable number of hours free of charge each year to assist the network. Such contribution is not taken into account for calculation of the Member Firm's annual assessment fee. These related party transactions were made on terms equivalent to those that prevail in arm's length transactions and the number of contributed hours are as follows:

- RSM AR S.R.L. - 838 (2016: 360)
- RSM Australia Pty Ltd - 3,197 (2016: 2,736)
- RSM Belgium - 506 (2016: 324)
- Ruihua CPAs (Special) LLP - 1,250 (2016: 1,000)
- RSM Deutschland GmbH - 2,070 (2016: 1,856)
- RSM Hong Kong - 1,857 (2016: 1,566)
- RSM Mexico Bogarin S.C. - 905 (2016: 660)
- RSM Norge AS - 530 (2016: 196)
- RSM South Africa (Pty) Ltd - 2,283 (2016: 1,484)
- RSM UK Group LLP - 4,079 (2016: 3,212)
- RSM USA LLP - 5,072 (2016: 4,132)