

SGH Martineau LLP

Report and Financial Statements

Year ended

30 April 2018

LLP Number OC300228



SGH Martineau LLP

Report and Financial Statements for the year ended 30 April 2018

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Designated members

A Adams
K Rehman
A Whitehead

Secretary and registered office

6th Floor, 60 Gracechurch Street, London, EC3V 0HR

LLP number

OC300228

SGH Martineau LLP

Members' Report for the year ended 30 April 2018

The Members are pleased to present their report together with the financial statements of SGH Martineau LLP for the year ended 30 April 2018.

Principal activity and business review

The LLP's principal activity was the provision of legal services for a very small number of clients during the year.

As shown in the statement of comprehensive income on page 3, the LLP's revenue was £22,804 (2017 – £130,731). The LLP returned a loss for the year of £19,219 (2017 – loss £37,793).

The LLP's results are considered satisfactory. The LLP is in the process of winding down its activities, and once all matters have been concluded it is expected the LLP will cease trading. The financial statements have not therefore been prepared on the going concern basis.

Designated Members

A Adams	
E J Shipp	(resigned 1 October 2018)
K Rehman	(appointed 1 October 2018)
A R Whitehead	

Principal risks and uncertainties

As with most law firms, the LLP faces risks arising from the recoverability of its contingent work in progress and the ability to turn work into fees is subject to events which are outside the control of the LLP.

The LLP has adequate liquid resources and financing arrangements in place to ensure it can meet its liabilities as they fall due and facilitate an orderly wind up of its operations.

The Partnership Board do not consider there to be any further principal risks or uncertainties relevant to the LLP.

Transactions with Members

Members are remunerated solely out of the profits of the LLP. Profit shares are determined by the Profits Committee, which comprises the Partnership Board and one elected member, after assessing each member's contribution. Profits are allocated each accounting period on the basis of amounts that are guaranteed to members. Any profits in excess of the amounts that are guaranteed are allocated by the Partnership Board following the finalisation of the financial statements of the LLP.

The level of drawings is decided by the Partnership Board taking into account the cash requirements of the business. The monthly drawings represents payments on account of current year profits. Any over-distribution of profits during the period is recoverable from members.

Individual Members' capital contributions are a fixed amount and are repayable, at par, following the Members' retirement.

SGH Martineau LLP

Members' Report for the year ended 30 April 2018 (continued)

Members' responsibilities

The Members are responsible for preparing the Members' report and financial statements in accordance with applicable law and regulation.

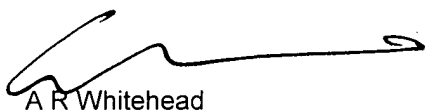
The Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008 require the Members to prepare financial statements for each financial year. Under these regulations the Members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under these regulations the Members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Limited Liability Partnership and of the profit or loss of the Limited Liability Partnership for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Limited Liability Partnership will continue in business. As explained in note 2 to the financial statements, the Members do not believe the going concern basis to be appropriate and these financial statements have not been prepared on that basis.

The Members are responsible for keeping adequate accounting records that are sufficient to show and explain the Limited Liability Partnership's transactions, disclose with reasonable accuracy at any time the financial position of the Limited Liability Partnership, and enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the Limited Liability Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Members and signed on their behalf:



A R Whitehead
Designated Member

26 November 2018

SGH Martineau LLP

Statement of Comprehensive Income for the year ended 30 April 2018

	Note	Year ended 30 April 2018 £	Year ended 30 April 2017 £
Revenue		22,804	130,731
Staff costs	6	(1,023)	(16,068)
Other operating charges		(25,118)	(18,667)
Total operating costs		(26,141)	(34,735)
Operating (loss)/profit		(3,337)	95,996
Interest receivable and similar income		56	176
(Loss)/profit for the year before members' remuneration and profit share		(3,281)	96,172
Members' remuneration charged as an expense		(15,938)	(133,965)
Retained loss and total comprehensive deficit for the financial year available for discretionary division among members		(19,219)	(37,793)

All amounts relate to discontinuing operations.

The notes on pages 7 to 12 form part of these financial statements.

SGH Martineau LLP

Balance sheet as at 30 April 2018

Registered number OC300228

	Note	2018 £	2018 £	2017 £	2017 £
Current assets					
Debtors	8	67,292		86,438	
Cash at bank and in hand		30,289		32,641	
		<u>97,581</u>		<u>119,079</u>	
Creditors: amounts falling due within one year	9	(249,377)		(251,655)	
Net current liabilities			(151,796)		(132,576)
Net liabilities attributable to members			(151,796)		(132,576)
Represented by:					
Members' other interests					
Other reserves			(151,796)		(132,576)

For the year ended 30 April 2018, the LLP was entitled to exemption from audit under section 477 of the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) relating to small LLPs.

The Partnership Board acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small entities' regime.

The financial statements were approved by the Partnership Board and authorised for issue on 26 November 2018.


A Whitehead
Designated Member

The notes on pages 7 to 12 form part of these financial statements.

SGH Martineau LLP

LLP Reconciliation of movements in members' interests for the year ended 30 April 2018

	EQUITY	TOTAL
	Other Reserves	
	£	£
Amounts due from Members	(132,576)	(132,576)
Balance at 1 May 2017	<u>(132,576)</u>	<u>(132,576)</u>
Loss for the financial year available for discretionary division among Members	(19,219)	(19,219)
Amounts due from Members	<u>(151,796)</u>	<u>(151,796)</u>
Balance at 30 April 2018	<u><u>(151,796)</u></u>	<u><u>(151,796)</u></u>

The notes on pages 7 to 12 form part of these financial statements.

SGH Martineau LLP

LLP Reconciliation of movements in members' interests for the year ended 30 April 2018

	EQUITY	TOTAL
	Other Reserves	
	£	£
Amounts due from Members	(94,783)	(94,783)
Balance at 1 May 2016	<u>(94,873)</u>	<u>(94,783)</u>
Loss for the financial year available for discretionary division among Members	(37,793)	(37,793)
Amounts due from Members	<u>(132,576)</u>	<u>(132,576)</u>
Balance at 30 April 2017	<u><u>(132,576)</u></u>	<u><u>(132,576)</u></u>

The notes on pages 7 to 12 form part of these financial statements.

SGH Martineau LLP

Notes forming part of the financial statements for the year ended 30 April 2018

1 Entity information

SGH Martineau LLP is a Limited Liability Partnership ("LLP"), its country of incorporation is England and Wales, with registration number OC300228 and its registered office is given on the contents page.

The LLP is a firm of solicitors qualified to practise in England and Wales and are authorised and regulated by the Solicitors Regulation Authority ("SRA") with number 347123. The LLP operates in accordance with a code of conduct and other regulations contained within the SRA's handbook. For further information or to see a copy of the handbook, please visit www.sra.org.uk.

2 Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including the Statement of Recommended Practice (2014) 'Accounting by Limited Liability Partnerships', and with the Companies Act 2006 as applied to Limited Liability Partnerships.

The preparation of the accounts in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the firm's accounting policies (see note 4).

The financial statements are presented in the LLP's functional currency, Sterling (£).

3 Accounting policies

The following principal accounting policies have been applied consistently:

Going concern

The LLP is in the process of winding down its activities, and once all matters have been concluded it is expected the LLP will cease trading. The financial statements have therefore not been prepared on the going concern basis. No adjustments were necessary in order to prepare the financial statements on a break up basis, compared with that on a going concern basis.

Revenue

Revenue represents amounts chargeable to clients for professional services provided during the year, excluding value added tax and disbursements billed to clients. Revenue is recognised when a right to consideration has been obtained through performance under each contract. Revenue is not recognised where the right to receive payment is contingent on events outside the control of the LLP and receipt of consideration is not probable nor can be estimated reliably. The nature of the contingency is assessed by reference to conditions existing at the balance sheet date.

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Segmental information is not disclosed as the members believe that to do so would be prejudicial to the interests of the firm.

Services provided to clients during the year which, at the balance sheet date, have not been invoiced to clients, have been recognised as revenue. Revenue recognised in this manner is based on an assessment of the fair value of the services provided by the balance sheet date as a proportion of the total value of the engagement. Unbilled revenue is included in debtors.

SGH Martineau LLP

Notes forming part of the financial statements for the year ended 30 April 2018

3 Accounting policies (*continued*)

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Provisions for liabilities

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Where the LLP has a legal obligation, a dilapidations provision is created. These provisions are a best estimate of the cost required to return leased properties to their original condition upon termination of the lease and are reviewed annually.

In common with comparable businesses, SGH Martineau LLP is involved in disputes in the ordinary course of business which may give rise to claims. Provision is made in the financial statements for all claims where costs are likely to be incurred and represents the cost of defending and concluding claims. SGH Martineau LLP carries professional indemnity insurance and no separate disclosure is made of the cost of claims covered by insurance as to do so could seriously prejudice the position of SGH Martineau LLP.

SGH Martineau LLP

Notes forming part of the financial statements for the year ended 30 April 2018

3 Accounting policies (continued)

Taxation

Taxation on all of the LLP's profits is solely the personal liabilities of individual members. Consequently, neither taxation nor related deferred taxation arising in the LLP is accounted for in these financial statements. Amounts retained for tax are treated in the same way as other profits of the LLP and so are included in Members' other interests or in loans and other debts due to Members depending on whether or not division of profits has occurred.

Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

The LLP recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured as the salary and on-costs payable for the period of absence and is presented within accruals.

Drawings

Drawings represent payments on account of profits which may be allocated to Members. The Partnership Board sets the level of Members' monthly drawings after considering the LLP's working capital needs. Unallocated profits are included within Members' other interests, classified as equity.

Members' capital

Initial capital contributions ('principal capital') of each of the Members are amounts as set out in the LLP agreement. Further Members shall contribute upon admission to the LLP such capital as determined by the LLP agreement.

Members can not withdraw or receive back any part of their principal capital contribution account except in specific circumstances detailed in the LLP agreement. Members' principal capital is therefore classified as equity.

Subsequent capital is repaid to Members shortly after ceasing to be a Member of the LLP, or at such other time as is determined by the Partnership Board. Members' subsequent capital is therefore classified as a liability due within one year. There is no opportunity for the appreciation of capital subscribed.

Profit allocations

Profit allocations are recognised in the year in which they are declared and become a present obligation of the LLP. Unallocated profits are recognised in equity ('other reserves').

SGH Martineau LLP

Notes forming part of the financial statements for the year ended 30 April 20178

4 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Members make the following judgements:

- Significant judgement is taken in assessing the recoverable amount of unbilled work performed in respect of client work. Consideration is given to the probability of receipt of consideration and reliability of any estimate of consideration receivable.
- Significant judgement is taken in assessing the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 8 for the net carrying amount of the debtors and associated impairment provision.
- As referred to in note 2, the accounts are not prepared on a going concern basis, as, following the disposal of substantially all of the trade and assets, it is expected the business will cease trading and the LLP liquidated.

5 Revenue

Segmental information is not disclosed as the Members believe that to do so would be prejudicial to the interests of the firm.

6 Employees

	Year ended 30 April 2018 £	Year ended 30 April 2017 £
Staff costs consist of:		
Wages and salaries	982	14,909
Social security costs	41	1,159
	<u>1,023</u>	<u>16,068</u>

In addition to the above, the LLP paid remuneration to Members under employment contracts, of £15,938 (2017 - £129,766), and pension contributions of £nil (2016 - £4,199), shown as Members' remuneration charged as an expense.

The LLP contributes to defined contribution pension schemes for the benefit of the employees. The assets of the schemes are administered by independent pensions providers. Pension payments recognised as an expense during the year amount to £nil (2016 - £4,199).

The average number of employees of the LLP during the year was:

	Year ended 30 April 2018 Number	Year ended 30 April 2017 Number
Fee earners	1	2
	<u>1</u>	<u>2</u>

SGH Martineau LLP

Notes forming part of the financial statements for the year ended 30 April 2018 (continued)

7 Members' remuneration

Profits are shared among the Members in accordance with agreed profit sharing arrangements. Members are required to make their own provision for pensions from their profit shares.

	2018 Number	2017 Number
Average number of Members during the year	3	29

Profit shares are determined by the Profits Committee which comprises the Partnership Board and one elected Member after assessing each Member's contribution. Profits are allocated each accounting period on the basis of amounts that are guaranteed to Members. Any profits in excess of or losses which are less than the amounts that are guaranteed are allocated by the Partnership Board following the finalisation of the financial statements of the group

Remuneration to Members, under employment contracts, were £15,938 (2016 - £129,766), and pension contributions were £nil (2017 - £4,199).

8 Debtors

	2018 £	2017 £
Trade debtors	25,453	23,309
Unbilled revenue	41,839	41,839
Other debtors	-	21,290
	<u>67,292</u>	<u>86,438</u>

All amounts shown under debtors are due within one year.

The impairment loss recognised in the LLP loss for the year in respect of bad and doubtful trade debtors was £21,227 (2017 - £13,217).

SGH Martineau LLP

Notes forming part of the financial statements for the year ended 30 April 2018 (continued)

9 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	34,146	34,146
Accruals and deferred income	10,500	10,500
Taxation and social security	1,403	-
Amounts owed to related parties	203,328	209,009
	<u>249,377</u>	<u>251,655</u>

10 Members' Interests

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

11 Related party disclosures

There is no ultimate controlling party of SGH Martineau LLP.

The designated Members of the LLP are also among the Members of Shakespeare Martineau LLP, the entity which purchased the trade and assets of the LLP. At the year end £203,328 (2017 - £207,009) was owing to Shakespeare Martineau LLP.

Key management personnel include certain Members who have authority and responsibility for planning, directing and controlling the activities of the LLP. The total compensation paid to key management personnel for services provided to the LLP was £4,300 (2017 - £6,305).

12 Capital commitments

The LLP had no capital commitments at the year end (2017: £nil).