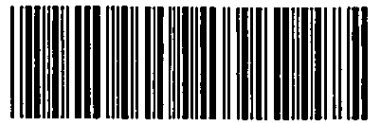


Limited Liability Partnership Registration No. OC305898 (England and Wales)

MANCHES LLP
MEMBERS' REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

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MANCHES LLP

LIMITED LIABILITY PARTNERSHIP INFORMATION

Designated members

J J Simpson
L S Manches
M Pedro
R A Smith
J I Craig
D P Tighe

Limited liability partnership number

OC305898

Registered office

Aldwych House
81 Aldwych
London
WC2B 4RP

Auditors

Lewis Golden & Co
40 Queen Anne Street
London
W1G 9EL

MANCHES LLP

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MEMBERS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

The members present their report and financial statements for the year ended 31 December 2010

Principal activities and review of the business

The principal activity of the limited liability partnership continued to be the provision of legal services

Designated Members

The following designated members have held office since 1 January 2010

J J Simpson

L S Manches

M Pedro

J S Mitchell

(Resigned 31 December 2010)

R A Smith

J I Craig

D P Tighe

Policy on members' drawings

The members' drawing policy allows each member to draw a proportion of their profit share, subject to the cash requirements of the business

A member's capital requirement is linked to their share of profit and the financing requirement of the limited liability partnership. There is no opportunity for appreciation of the capital subscribed. Just as incoming members introduce their capital at "par", so the retiring members are repaid their capital at "par".

Statement of members' responsibilities

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

Company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law (as applied by 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 limited liability partnership and of the profit or loss of the limited liability partnership for that year. In preparing those 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 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.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the limited liability partnership and to enable them to ensure that the financial statements comply with the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of 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.

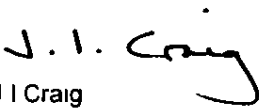
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MEMBERS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

Statement of members' responsibilities (continued)

So far as the members are aware, there is no relevant audit information of which the limited liability partnership's auditors are unaware. Additionally, the members have taken all the necessary steps that they ought to have taken as members in order to make themselves aware of all relevant audit information and to establish that the limited liability partnership's auditors are aware of that information.

On behalf of the members



J I Craig
Designated Member

Date 28.9.11

MANCHES LLP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MANCHES LLP

We have audited the financial statements of Manches LLP for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008). Our audit work has been undertaken so that we might state to the limited liability partnership's members those matters 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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the members and auditors

The members' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that they give a true and fair view are set out in the Statement of Members' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, have been prepared in accordance with the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008), and give a true and fair view.

In addition we report to you if, in our opinion, the limited liability partnership has not kept adequate accounting records or if we have not received all the information and explanations we require for our audit.

We read the members' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the limited liability partnership's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

MANCHES LLP

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF MANCHES LLP

Opinion

In our opinion

- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008), and
- the financial statements give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2010 and of its results for the year then ended



David Edwards (Senior Statutory Auditor)
for and on behalf of Lewis Golden & Co

Chartered Accountants and Statutory Auditor
40 Queen Anne Street
London
W1G 9EL

Date *28th September 2011*

MANCHES LLP

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 £	2009 £
Turnover	2	30,055,668	31,130,200
Cost of sales		(43,675)	(45,430)
Gross profit		30,011,993	31,084,770
Administrative expenses		(22,397,661)	(23,193,364)
Other operating income		591,839	772,456
Operating profit	3	8,206,171	8,663,862
Other interest receivable and similar income	4	57,908	85,776
Interest payable and similar charges	5	(410,924)	(528,027)
Profit for the financial year before members' remuneration and profit shares		7,853,155	8,221,611
Members' remuneration charged as an expense	14	(7,853,155)	(8,221,611)
Retained results for the financial year available for discretionary division among members		-	-

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

MANCHES LLP

BALANCE SHEET AS AT 31 DECEMBER 2010

	Notes	2010 £	£	2009 £	£
Fixed assets					
Tangible assets	6		1,477,044		1,859,396
Current assets					
Work in progress	8	163,311		206,986	
Debtors	9	15,364,692		15,616,398	
Cash at bank and in hand	7	3,475		2,423	
		15,531,478		15,825,807	
Creditors: amounts falling due within one year	10	(11,268,127)		(11,273,150)	
Net current assets			4,263,351		4,552,657
Total assets less current liabilities			5,740,395		6,412,053
Creditors amounts falling due after more than one year	11		(17,560)		(233,930)
NET ASSETS ATTRIBUTABLE TO MEMBERS			5,722,835		6,178,123

REPRESENTED BY:

Loans and other debts due to members	12	3,342,835	3,638,123
Members' capital classified as a liability	12	2,380,000	2,540,000
TOTAL MEMBERS' INTERESTS		5,722,835	6,178,123

Approved by the Members and authorised for issue on 28 September 2011



M Pedro
Designated Member



J I Craig
Designated Member

Limited Liability Partnership Registration No OC305898

MANCHES LLP

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	£	2010 £	£	2009 £
Net cash inflow from operating activities	16		9,036,855		10,139,973
Returns on investments and servicing of finance					
Interest received		57,908		91,188	
Interest paid		(409,195)		(469,999)	
Interest element of finance lease rentals		(1,729)		(5,245)	
Net cash outflow for returns on investments and servicing of finance			(353,016)		(384,056)
Capital expenditure					
Payments to acquire tangible assets		(95,295)		(57,638)	
Receipts from sales of tangible assets		33,500		21,688	
Net cash outflow for capital expenditure			(61,795)		(35,950)
Transactions with members and former members					
Payments to members and former members		(8,148,443)		(9,058,411)	
Capital contributions by members		-		60,000	
Repayments of capital contributions to former members		(160,000)		-	
			(8,308,443)		(8,998,411)
Net cash inflow before management of liquid resources and financing			313,601		721,556
Financing					
Other new short term loans		550,875		698,430	
Repayment of long term bank loan		-		(1,046,155)	
Repayment of other long term loans		-		(592,173)	
Repayment of short term bank loans		(785,527)		-	
Repayment of other short term loans		(415,017)		-	
Capital element of finance lease contracts		(41,013)		(48,750)	
Net cash outflow from financing			(690,682)		(988,648)
Decrease in cash in the year	17, 18		(377,081)		(267,092)

MANCHES LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1 Accounting policies

1.1 Accounting convention

A summary of the principle accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below

1.2 Compliance with accounting standards

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards including the Statement of Recommended Accounting Practice, Accounting by Limited Liability Partnerships (effective March 2006), and under the historical cost convention

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

In accordance with FRS 5 "Reporting the substance of transactions", profit is recognised on contracts if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses

1.4 Goodwill

Acquired goodwill is written off in equal annual instalments over four years, being its estimated useful economic life

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Leasehold improvements	over 3 or 10 years straight line
Computers and office equipment	over 3 or 5 years straight line
Fixtures and fittings	over 3 or 10 years straight line
Motor vehicles	over the period of the lease

1.6 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.7 Work in progress

Work in progress is valued at the lower of cost and net realisable value

1.8 Pensions

The limited liability partnership operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable

1.9 Members' remuneration

Members' remuneration is charged as an expense in the profit and loss account as each member has an entitlement to a share of future profit without the need for any further decision by the members on the division of those profits

MANCHES LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

1 Accounting policies (Continued)

1.10 Members' capital

Amounts subscribed or otherwise contributed by members are classified as capital by the limited liability partnership deed. Members' capital is classified as a liability under FRS 25 "Financial Instruments disclosure and presentation" as the capital is repayable to members on their retirement.

2 Turnover

The total turnover of the limited liability partnership for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit	2010 £	2009 £
Operating profit is stated after charging		
Amortisation of intangible assets	-	73,685
Depreciation of tangible assets	444,147	733,328
Loss on disposal of tangible assets	-	5
Operating lease rentals		
- Plant and machinery	316,313	285,105
- Other assets	2,682,839	2,676,197

Auditors' remuneration

Fees payable to the LLP's auditor for the audit of the LLP's annual accounts

	20,000	20,000
Other services relating to taxation	65,000	107,500
All other services	98,868	38,970
	183,868	166,470

4 Other interest receivable and similar income	2010 £	2009 £
Bank interest	57,908	85,776

MANCHES LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

5	Interest payable and similar charges	2010	2009
		£	£
	On bank loans and overdrafts	228,731	193,041
	On other loans wholly repayable within five years	51,157	103,402
	Lease finance charges	1,729	5,245
	On client monies	99,114	170,480
	Other interest	30,193	55,859
		<u>410,924</u>	<u>528,027</u>

6	Tangible fixed assets	Leasehold improvements	Computers and office equipment	Fixtures and fittings	Motor vehicles	Total
		£	£	£	£	£
	Cost					
	At 1 January 2010	3,440,608	3,831,839	934,996	110,390	8,317,833
	Additions	42,329	14,759	38,207	-	95,295
	Disposals	-	(33,500)	-	(71,365)	(104,865)
	At 31 December 2010	<u>3,482,937</u>	<u>3,813,098</u>	<u>973,203</u>	<u>39,025</u>	<u>8,308,263</u>
	Depreciation					
	At 1 January 2010	2,101,276	3,716,420	584,544	56,197	6,458,437
	On disposals	-	-	-	(71,365)	(71,365)
	Charge for the year	267,635	64,121	71,378	41,013	444,147
	At 31 December 2010	<u>2,368,911</u>	<u>3,780,541</u>	<u>655,922</u>	<u>25,845</u>	<u>6,831,219</u>
	Net book value					
	At 31 December 2010	<u>1,114,026</u>	<u>32,557</u>	<u>317,281</u>	<u>13,180</u>	<u>1,477,044</u>
	At 31 December 2009	<u>1,339,332</u>	<u>115,419</u>	<u>350,452</u>	<u>54,193</u>	<u>1,859,396</u>

MANCHES LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

6 Tangible fixed assets

(Continued)

Included above are assets held under finance leases or hire purchase contracts as follows

	Motor vehicles £
Net book values	
At 31 December 2010	13,180
At 31 December 2009	54,193
Depreciation charge for the year	
31 December 2010	41,013
31 December 2009	27,063

7 Cash at bank and in hand

Amounts shown as cash at bank and in hand comprise amounts held on behalf of the limited liability partnership and exclude amounts held on behalf of clients

Amounts held on behalf of clients and transactions undertaken on their behalf are maintained and operated using client bank accounts which are separate from the limited liability partnership's balances

All liabilities at the balance sheet date whether to clients or third parties on their behalf totalling £26,978,019 (2009 £19,592,092) are represented by amounts in these client bank accounts at the year end

8 Work in progress

2010

2009

£

£

Work in progress

163,311

206,986

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

9 Debtors	2010 £	2009 £
Trade debtors	11,536,162	11,310,801
Other debtors	382,242	465,983
Prepayments and accrued income	3,446,288	3,839,614
	<hr/>	<hr/>
	15,364,692	15,616,398
	<hr/>	<hr/>

10 Creditors: amounts falling due within one year	2010 £	2009 £
Bank loans and overdrafts	6,758,449	7,095,939
Net obligations under finance leases	3,899	54,190
Trade creditors	2,361,233	2,345,817
Taxes and social security costs	796,994	701,578
Other creditors	1,048,382	554,415
Accruals and deferred income	299,170	521,211
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	11,268,127	11,273,150
	<hr/>	<hr/>

The bank overdraft is secured by way of a fixed and floating charge over the assets of the limited liability partnership

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

11 Creditors amounts falling due after more than one year	2010 £	2009 £
Bank loans	8,282	78,186
Other loans	9,278	155,744
	<u>17,560</u>	<u>233,930</u>
Analysis of loans		
Wholly repayable within five years	800,885	1,434,708
	<u>800,885</u>	<u>1,434,708</u>
Included in current liabilities	(783,325)	(1,200,778)
	<u>17,560</u>	<u>233,930</u>
Loan maturity analysis		
In more than one year but not more than two years	17,560	226,410
In more than two years but not more than five years	-	7,520
	<u>-</u>	<u>7,520</u>

Loans are secured by way of a fixed charge on the assets to which they relate

12 Members' interests	Members' capital classified as debt £	Loans and other debts due to members £	Total 2010 £	Total 2009 £
Members' interests at 1 January 2010	2,540,000	3,638,123	6,178,123	6,954,923
Members' remuneration charged as an expense	-	7,853,155	7,853,155	8,221,611
Members' interests after profit for the year	2,540,000	11,491,278	14,031,278	15,176,534
Introduced by members	-	-	-	60,000
Repayments of capital	(160,000)	-	(160,000)	(265,000)
Drawings	-	(8,148,443)	(8,148,443)	(8,793,411)
Members' interests at 31 December 2010	<u>2,380,000</u>	<u>3,342,835</u>	<u>5,722,835</u>	<u>6,178,123</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

13 Financial commitments

At 31 December 2010 the limited liability partnership was committed to making the following payments under non-cancellable operating leases in the year ended 31 December 2011

	Land and buildings			Other
	2010	2009	2010	2009
	£	£	£	£
Operating leases which expire				
Within one year	-	44,325	38,729	143,729
Between two and five years	1,849,214	1,849,214	12,191	69,801
In over five years	773,473	773,473	-	-
	<u>2,622,687</u>	<u>2,667,012</u>	<u>50,920</u>	<u>213,530</u>

14 Information in relation to members

	2010	2009
	£	£
Remuneration to members charged as an expense	<u>7,853,155</u>	<u>8,221,611</u>

	2010	2009
	Number	Number
The average number of members during the year was	<u>53</u>	<u>59</u>

	2010	2009
	£	£
The share of profit to the member with the largest entitlement was	<u>939,087</u>	<u>944,289</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

15 Employees

Number of employees

The average monthly number of employees during the year was

	2010 Number	2009 Number
Legal advisers	106	107
Administrative and support staff	160	170
	<u>266</u>	<u>277</u>

Employment costs

	£	£
Wages and salaries	10,214,446	10,476,410
Social security costs	1,149,010	1,186,803
Other pension costs	232,550	238,860
	<u>11,596,006</u>	<u>11,902,073</u>

16 Reconciliation of operating profit to net cash inflow from operating activities

	2010 £	2009 £
Operating profit	8,206,171	8,663,862
Depreciation of tangible assets	444,147	733,328
Amortisation of intangible assets	-	73,685
Loss on disposal of tangible assets	-	5
Decrease in stocks	43,675	45,430
Decrease in debtors	251,706	869,941
Increase/(decrease) in creditors within one year	91,156	(246,278)
Net cash inflow from operating activities	<u>9,036,855</u>	<u>10,139,973</u>

MANCHES LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

17 Analysis of net debt	1 January 2010 £	Cash flow £	31 December 2010 £
Net cash			
Cash at bank and in hand	2,423	1,052	3,475
Bank overdrafts	(6,310,177)	(378,133)	(6,688,310)
	<u>(6,307,754)</u>	<u>(377,081)</u>	<u>(6,684,835)</u>
Debt			
Finance leases	(54,190)	50,291	(3,899)
Debts falling due within one year	(1,200,778)	417,453	(783,325)
Debts falling due after one year	(233,930)	216,370	(17,560)
	<u>(1,488,898)</u>	<u>684,114</u>	<u>(804,784)</u>
Net debt	<u>(7,796,652)</u>	<u>307,033</u>	<u>(7,489,619)</u>

18 Reconciliation of net cash flow to movement in net debt	2010 £	2009 £
Decrease in cash in the year	(377,081)	(267,092)
Cash outflow from decrease in debt and lease financing	684,114	988,648
Movement in net debt in the year	<u>307,033</u>	<u>721,556</u>
Opening net debt	(7,796,652)	(8,518,208)
Closing net debt	<u>(7,489,619)</u>	<u>(7,796,652)</u>