

**Manches LLP**

Report and Financial Statements

Period Ended

30 April 2012

Registered No OC305898

Registered in England

THURSDAY



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# **Manches LLP**

## **Report and financial statements for the period ended 30 April 2012**

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### **Contents**

#### **Page.**

1	Report of the members
3	Independent auditor's report
5	Profit and loss account
6	LLP balance sheet
7	Cash flow statement
8	Notes forming part of the financial statements

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### **Designated Members**

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

### **Registered office**

Aldwych House, 81 Aldwych, London, WC2B 4RP

### **Registered number**

OC305898

### **Auditors**

BDO LLP, 55 Baker Street, London, W1U 7EU

# **Manches LLP**

## **Report of the members for the period ended 30 April 2012**

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The members present their report together with the audited financial statements for the period ended 30 April 2012

### **Results**

The profit and loss account is set out on page 5 and shows the profit for the year

### **Principal activities, review of the business and future developments**

The principal activity of the limited liability partnership continues to be the provision of legal services and no change in the nature of the business is expected in the foreseeable future

During the period the LLP made the decision to extend the accounting year to 30 April 2012, as this would have significant benefits to the firm and therefore these financial statements represent a period of 16 months

Despite both a reduction in members and also staff, turnover and profit fell only slightly on an annualised basis and the performance of the LLP has been relatively constant over the period

### **Designated members**

The designated members during the period were

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

### **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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Limited Liability Partnership will continue in business

# Manches LLP

## Report of the members for the period ended 30 April 2012 (continued)

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.

### 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".

### Auditors

All of the current members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the partnership's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The members are not aware of any relevant audit information of which the auditors are unaware.

Lewis Golden & Co resigned as auditors of the LLP during the period and BDO LLP were appointed as auditors of the LLP by the designated members. BDO LLP have expressed their willingness to continue in office.

Approved by the Management Board of the Limited Liability Partnership on 22 November 2012



M Pedro  
Designated member

# **Manches LLP**

## **Independent auditor's report**

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### **TO THE MEMBERS OF MANCHES LLP**

We have audited the financial statements of Manches LLP for the 16 months ended 30 April 2012 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with the Limited Liability Partnerships (Accounts and Audit) (Application of the 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 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 partnership and the partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of members and auditors**

As explained more fully in the statement of members' responsibilities, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the limited liability partnership's affairs as at 30 April 2012 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008.

### **Opinion on other matters**

In our opinion the information given in the members' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

# Manches LLP

## Independent auditor's report *(continued)*

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### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act as applied to limited liability partnerships requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- we have not received all the information and explanations we require for our audit

*BDO LLP*

*Nicholas Carter-Pegg (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom*

17 December 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

# Manches LLP

## Profit and loss account for the period ended 30 April 2012

	Note	16 months ended 30 April 2012 £	Year ended 31 December 2010 £
<b>Turnover</b>	2	39,728,312	30,055,668
Operating expenses		(30,222,330)	(22,441,336)
Other operating income		932,211	591,839
<b>Operating profit</b>	4	10,438,193	8,206,171
Other interest receivable and similar income	5	93,872	57,908
Interest payable and similar charges	6	(325,824)	(410,924)
<b>Profit for the financial period before members' remuneration and profit shares</b>		10,206,241	7,853,155
Members' remuneration charged as an expense	12	(10,206,241)	(7,853,155)
<b>Profit for the financial period available for discretionary division among the members</b>		-	-

All amounts relate to continuing activities

There are no other recognised gains or losses other than the profit for the period

The notes on pages 8 to 16 form part of these financial statements

# Manches LLP

## LLP balance sheet at 30 April 2012

<i>Registered number OC305898</i>	<i>Note</i>	<b>30 April 2012 £</b>	<b>30 April 2012 £</b>	<b>31 December 2010 £</b>	<b>31 December 2010 £</b>
<b>Fixed assets</b>					
Tangible assets	8		1,110,415		1,477,044
<b>Current assets</b>					
Debtors	9	13,686,283		15,364,692	
Cash at bank and in hand		4,270		3,475	
Work in Progress		-		163,311	
		<u>13,690,553</u>		<u>15,531,478</u>	
<b>Creditors' amounts falling due within one year</b>	10	<u>9,921,284</u>		<u>11,268,127</u>	
<b>Net current assets</b>			<u>3,769,269</u>		<u>4,263,351</u>
<b>Total assets less current liabilities</b>			<u>4,879,684</u>		<u>5,740,395</u>
<b>Creditors. amounts falling due after more then one year</b>	11		-		17,560
<b>Net assets attributable to members</b>			<u>4,879,684</u>		<u>5,722,835</u>
<b>Represented by:</b>					
Members' capital classified as a liability under FRS 25	12		2,250,000		2,380,000
Loans and other debts due to members	12		2,629,684		3,342,835
<b>Total members' interests</b>			<u>4,879,684</u>		<u>5,722,835</u>

The financial statements were approved and authorised for issue by the members of the Limited Liability Partnership on 22 November 2012



M Pedro  
Designated member

The notes on pages 8 to 16 form part of these financial statements



# Manches LLP

## Cash flow statement for the period ended 30 April 2012

	Note	16 months ended 30 April 2012 £	16 months ended 30 April 2012 £	Year ended 31 December 2010 £	Year ended 31 December 2010 £
<b>Net cash inflow from operating activities</b>	14		11,875,344		9,036,855
<b>Returns on investments and servicing of finance</b>					
Interest received		93,872		57,908	
Interest paid		(325,824)		(409,195)	
Interest element of finance lease rentals		-		(1,729)	
<b>Net cash outflow from returns on investments and servicing of finance</b>			(231,952)		(353,016)
<b>Capital expenditure and financial investment</b>					
Payments to acquire tangible assets		(121,909)		(95,295)	
Receipts from sales of tangible assets		<u>13,180</u>		<u>33,500</u>	
			(108,729)		(61,795)
<b>Transactions with members and former members</b>					
Payments to members and former members		(10,919,392)		(8,148,443)	
Capital contributions by members		140,000		-	
Repayments of capital contributions to former members		<u>(270,000)</u>		<u>(160,000)</u>	
			(11,049,392)		(8,308,443)
<b>Net cash inflow before management of liquid resources and financing</b>			485,271		313,601
<b>Financing</b>					
Other new short term loans		169,240		550,875	
Repayment of long term bank loan		(8,282)		-	
Repayment of other long term loans		(9,278)		-	
Repayment of short term bank loans		(70,140)		(785,527)	
Repayment of other short term loans		-		(415,017)	
Capital element of finance lease contracts		<u>(3,899)</u>		<u>(41,013)</u>	
			77,641		(690,682)
<b>Increase / (Decrease) in cash</b>	15,16		562,912		(377,081)

The notes on pages 8 to 16 form part of these financial statements

# Manches LLP

## Notes forming part of the financial statements for the period ended 30 April 2012

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### 1 Accounting policies

#### *Accounting convention*

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Statement of Recommended Practice on Accounting by Limited Liability Partnerships

The following principal accounting policies have been applied

#### *Going concern*

The members have prepared forecasts for a period of not less than one year from the date of signing these financial statements. The members are confident of the continued support of the bank and availability of bank facilities. They have therefore concluded that the LLP will have sufficient resources to continue in operational existence for the foreseeable future and accordingly they continue to adopt the going concern basis in preparing these financial statements.

#### *Turnover*

Turnover represents the right to consideration earned in respect of legal services performed during the period, net of any sales tax and discounts given to clients. Services provided to clients during the period which at the balance sheet date have not been invoiced to clients have been recognised as turnover on an assessment of fair value of the services provided at the balance sheet date.

#### *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

#### *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.

#### *Work in progress*

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

#### *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.

# Manches LLP

## Notes forming part of the financial statements for the period ended 30 April 2012 (continued)

### 1 Accounting policies (continued)

#### *Provisions for claims*

In common with comparable businesses, Manches 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. Manches 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 the firm.

#### *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 profit without the need for any further decision by the members on the division of those profits.

#### *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 Employees

	16 months ended 30 April 2012 £	Year ended 31 December 2010 £
Staff costs consist of		
Wages and salaries	13,593,150	10,214,446
Social security costs	1,510,316	1,149,010
Other pension costs	295,180	232,550
	<hr/>	<hr/>
	15,398,646	11,596,006
	<hr/>	<hr/>
The average monthly number of employees during the period was	Number	Number
Legal advisers	99	106
Administrative and support staff	137	160
	<hr/>	<hr/>
	236	266
	<hr/>	<hr/>

# Manches LLP

## Notes forming part of the financial statements for the period ended 30 April 2012 (continued)

### 4 Operating profit

	16 months ended 30 April 2012 £	Year ended 31 December 2010 £
This has been arrived at after charging		
Depreciation of tangible assets	475,339	444,147
Loss on disposal of tangible assets	-	-
Operating lease rentals		
- Plant and machinery	-	316,313
- Land and buildings	3,547,458	2,682,839
Auditors' remuneration		
- Audit services	30,000	20,000
- Non-audit services (taxation)	26,000	65,000
- Non-audit services (other)	33,900	98,868
	<hr/>	<hr/>

### 5 Other interest receivable and similar income

	16 months ended 30 April 2012 £	Year ended 31 December 2010 £
Bank interest	91,041	57,908
Other interest	2,831	-
	<hr/>	<hr/>
	93,872	57,908
	<hr/>	<hr/>

### 6 Interest payable and similar charges

	16 months ended 30 April 2012 £	Year ended 31 December 2010 £
On bank loans and overdrafts	241,017	228,731
On other loans wholly repayable within five years	38,580	51,157
Lease finance charges	-	1,729
Other interest	46,227	129,307
	<hr/>	<hr/>
	325,824	410,924
	<hr/>	<hr/>

# Manches LLP

## Notes forming part of the financial statements for the period ended 30 April 2012 (*continued*)

### 7 Profit for the period before members' remuneration and profit share

Profits are shared among the members each year in accordance with agreed profit sharing arrangements and include interest on members' funds. Members are required to make their own provision for pensions from their profit shares.

	2012 Number	2010 Number
Average number of members during the period	47	53

The profit share of the highest paid member was £1,198,643 (2010 - £939,087)

### 8 Tangible assets

	Leasehold improvements £	Computers and office equipment £	Fixtures and fittings £	Motor vehicles £	Total £
<i>Cost</i>					
At 1 January 2011	3,482,937	3,813,098	973,203	39,025	8,308,263
Additions	56,351	58,917	6,622	-	121,890
Disposals	-	-	-	(13,180)	(13,180)
At 30 April 2012	3,539,288	3,872,015	979,825	25,845	8,416,973
<i>Depreciation</i>					
At 1 January 2011	2,368,911	3,780,541	655,922	25,845	6,831,219
Charge for the period	333,208	54,807	87,324	-	475,339
On disposals	-	-	-	-	-
At 30 April 2012	2,702,119	3,835,348	743,246	25,845	7,306,558
<i>Net book value</i>					
At 30 April 2012	837,169	36,667	236,579	-	1,110,415
At 31 December 2010	1,114,026	32,557	317,281	13,180	1,477,044

# Manches LLP

## Notes forming part of the financial statements for the period ended 30 April 2012 (*continued*)

### 8 Tangible assets (*continued*)

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

	Motor vehicles £
<i>Net book value</i>	
At 30 April 2012	-
	<hr/>
At 31 December 2010	13,180
	<hr/>
<i>Depreciation charge for the period</i>	
At 30 April 2012	13,180
	<hr/>
At 31 December 2010	41,013
	<hr/>

### 9 Debtors

	30 April 2012 £	31 December 2010 £
Trade debtors	9,195,408	11,536,162
Other debtors	102,383	382,242
Prepayments and accrued income	4,388,492	3,446,288
	<hr/>	<hr/>
	13,686,283	15,364,692
	<hr/>	<hr/>

# Manches LLP

## Notes forming part of the financial statements for the period ended 30 April 2012 (*continued*)

### 10 Creditors' amounts falling due within one year

	30 April 2012 £	31 December 2010 £
Bank loans and overdrafts	6,126,193	6,758,449
Net obligations under finance leases	-	3,899
Trade creditors	1,466,140	2,361,233
Taxes and social security costs	908,899	796,994
Other creditors	882,426	1,048,382
Accruals and deferred income	537,626	299,170
	<u>9,921,284</u>	<u>11,268,127</u>

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

Interest is charged at 2.5% over base

### 11 Creditors' amounts falling due after more than one year

	30 April 2012 £	31 December 2010 £
Bank loans	-	8,282
Other loans	-	9,278
	<u>-</u>	<u>17,560</u>
<i>Analysis of loans</i>		
Wholly repayable within five years	882,426	800,885
	<u>882,426</u>	<u>800,885</u>
Included in current liabilities	(882,426)	(783,325)
	<u>-</u>	<u>17,560</u>
<i>Loan maturity analysis</i>		
In more than one year but not more than two years	-	17,560
In more than two years but not more than five years	-	-
	<u>-</u>	<u>-</u>

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

# Manches LLP

## Notes forming part of the financial statements for the period ended 30 April 2012 (continued)

### 12 Members' interest

	Members' capital classified as a liability under FRS 5 £	Loans and other debts due to members £	30 April 2012 Total £
Members' interest at 1 January 2011	2,380,000	3,342,835	5,722,835
Members' remuneration charged as an expense	-	10,206,241	10,206,241
Members' interest after profit for the period	2,380,000	13,549,076	15,929,076
Net capital introduced by members	140,000	-	140,000
Repayments of capital	(270,000)	-	(270,000)
Drawings and distributions	-	(10,919,392)	(10,919,392)
Members' interest at 30 April 2012	2,250,000	2,629,684	4,879,684

Only Equity partners are obliged to contribute capital on admission to Manches LLP. Capital is repayable on retirement from Manches LLP in accordance with the terms set out in the Manches LLP members' agreement.

The basis on which profits are allocated is described in note 1. Information concerning distributions to members and the number of members is given in note 7.

In the event of a winding up, loans and other debts due to members rank equally with unsecured creditors, members' and other partners' other interests rank after unsecured creditors and no additional protection is afforded to creditors. Members' and partners' capital contributions are determined by the Management Board having regard, inter alia, to the working capital needs of the business. Individual members' and partners' capital contributions are set by reference to equity unit profit share proportions and are not repayable until the member retires.

### 13 Commitments under operating leases

As at 30 April 2012, the limited liability partnership had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 30 April 2012 £	Other 30 April 2012 £	Land and buildings 31 December 2010 £	Other 31 December 2010 £
Operating leases which expire				
Within one year	73,260	1,146	-	38,729
In two to five years	1,819,034	125,442	1,849,214	12,191
Over five years	773,473	-	773,473	-
	<u>2,665,767</u>	<u>126,588</u>	<u>2,622,687</u>	<u>50,920</u>



# Manches LLP

## Notes forming part of the financial statements for the period ended 30 April 2012 (continued)

### 14 Reconciliation of operating profit to net cash inflow from operating activities

	16 months ended 30 April 2012 £	Year ended 31 December 2010 £
Operating profit	10,438,194	8,206,171
Depreciation of tangible assets	475,339	444,147
Loss on disposal of tangible assets	-	-
Decrease in work in progress	163,311	43,675
Decrease in debtors	1,678,410	251,706
(Decrease) / Increase in creditors	(879,910)	91,156
	<hr/>	<hr/>
Net cash inflow from operating activities	11,875,344	9,036,855
	<hr/>	<hr/>

### 15 Reconciliation of net cash flow to movement in net cash

	16 months ended 30 April 2012 £	Year ended 31 December 2010 £
Increase / (Decrease) in cash in the period	562,912	(377,081)
Cash outflow from decrease in debt and lease financing	(77,642)	684,114
	<hr/>	<hr/>
Movement in net debt in the period	485,270	307,033
Opening net debt	(7,489,619)	(7,796,652)
	<hr/>	<hr/>
Closing net debt	(7,004,349)	(7,489,619)
	<hr/>	<hr/>

# Manches LLP

## Notes forming part of the financial statements for the period ended 30 April 2012 (continued)

### 16 Analysis of net cash

	At 1 January 2011 £	Cash flows £	Non-cash flows £	At 30 April 2012 £
Net cash				
Cash in hand and at bank	3,475	795	-	4,270
Bank overdrafts	(6,688,310)	562,117	-	(6,126,193)
	<u>(6,684,835)</u>	<u>562,912</u>	<u>-</u>	<u>(6,121,923)</u>
Debt				
Finance leases	(3,899)	3,899	-	-
Debts falling due within one year	(783,325)	(99,101)	-	(882,426)
Debts falling due after one year	(17,560)	17,560	-	-
	<u>(804,784)</u>	<u>(77,642)</u>	<u>-</u>	<u>(882,426)</u>
Net debt	<u>(7,489,619)</u>	<u>485,270</u>	<u>-</u>	<u>(7,004,349)</u>