

**Bevan Brittan LLP**

**Members' report and financial statements**

Registered number OC309219

Year ended 30 April 2017

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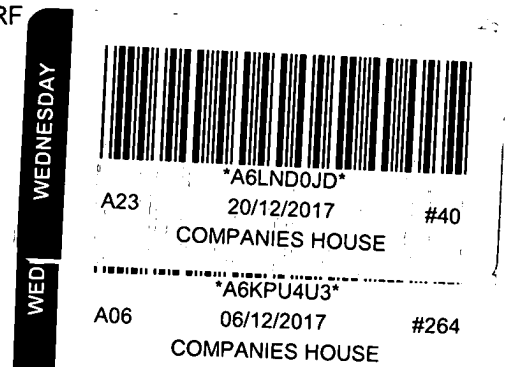
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## Report and Financial Statements 2017

### Members' report

The members present their annual report and the audited financial statements for the year ended 30 April 2017.

Bevan Brittan LLP is a limited liability partnership registered in England and Wales with registered number OC309219. A list of members' names and of the non-members who are designated as partners is available for inspection at Kings Orchard, 1 Queen Street, Bristol BS2 0HQ which is also Bevan Brittan LLP's principal place of business and registered office. For more information about Bevan Brittan LLP, visit our website at [www.bevanbrittan.com](http://www.bevanbrittan.com).

### Principal activity

Bevan Brittan provides practical, high quality and commercially relevant legal advice to public, private and third sector organisations. Our experience includes working with clients across central and local government, NHS commissioning and provider organisations, housing associations and over 100 private sector companies.

### Business review

Bevan Brittan performed well during 2016/17 and increased revenue from £37.8m to £39.2m across a range of sectors and has made good progress against its strategic priorities.

Whilst maintaining the revenue generated by the public sector, the firm continued to increase its number of private sector clients and delivered a more balanced 77:23 revenue split between the public and private sector compared to the previous period of 82:18.

#### 1. The Public Sector

Public sector client growth was achieved within Central and Local Government with the firm providing extensive commercial, governance, property and sensitive employment advice. The firm benefited from a greater number of urban regeneration schemes across the country, including Birmingham City Council and a number of London Boroughs. The firm was also appointed to advise Education Funding Agency and reappointed to the Crown Commercial Services panel.

Across the NHS there has been a continued reduction in legal spend against a backdrop of an increasing number of clinical claims, reducing overall costs and new ways of working. The firm was successfully reappointed to the NHS Resolution Lot 1 (formerly Litigation Authority) which secured a significant amount of revenue for the firm over the next few years and was also newly appointed to Lot 3 providing access to a range of NHS Arms-Length Bodies. The firm further strengthened its relationship with NHS Property Services, being appointed as single supplier to half its regions. Also Community Health Partnerships appointed the firm to advise on further Private Public Partnership schemes. Across NHS Providers & Commissioners legal spend has been cut or work brought in-house. Despite this there has been significant activity across London and the South East with strategic property and commercial projects work in addition to the firm now also advising half the mental health trusts across England.

Whilst the firm decided not to retender for the SRA panel, it continued to successfully advise other regulatory bodies, such as the Financial Services Compensation Scheme and the Parliamentary Health Service Ombudsman.

#### 2. Private Sector

The firm continued to grow its Housing Association practice, with expected rapid expansion in 2017/18 as it aims to be one of the three top legal advisors within this market. The firm saw a significant number of tender wins with Sanctuary Housing, Selwood and Knightstone during the year providing a broad range of opportunities across commercial and property developments and housing management services.

## Report and Financial Statements 2017

### Members' report (continued)

#### Business review (continued)

The insurance market experienced some consolidation amongst clients but the teams continued to perform well. The Independent Health practice continued to improve the breadth of clients, with now over 100 clients and good CRL management resulting in a number of clients working more broadly with legal teams across the firm. The firm has now formed working groups to breakdown the firm's approach with providers, digital suppliers, social care and broader suppliers. Across the other private sector clients, the firm was 40% ahead of target with significant contributions across commercial, construction, property, litigation, procurement challenges and employment, with clients including Wates Construction, A Shade Greener and Resource Recovery Solutions.

#### 3. Growth in Leeds office

During its first 18 months, the Leeds office has continued to grow with teams expanding, a broader mix of services across the teams and a balanced portfolio of clients with significant projects and tender wins achieved, including Your Housing, Sheffield City Council, refinancing Leeds Teaching Hospital NHS Trust PFI scheme and being successfully appointed to the North of England CPC Framework, West Yorkshire Law Framework and North East Procurement Organisation.

#### 4. Client feedback and industry recognition

The firm is committed to receiving independently researched client feedback. The recent NISUS client satisfaction survey was completed by over 200 clients and showed an increase in client satisfaction rates providing better value for money than its competitors. Clients recognised our market knowledge, professionalism and problem solving. During the year the firm continued its Managing Partner client visit programme and MFGs have identified over 40 clients that will be approached to have an annual service review.

The firm also received industry recognition during 2016/17, winning two Health Investor magazine's Legal Advisor of the Year Awards. The firm was also a finalist at the Partnership Awards recognising the success of the Strategic Estates Partnership programme.

#### Designated Members

The designated members (as defined in the Limited Liability Partnerships Act 2000) during the year and to the date of this report were as follows:

Mark Calverley  
Joanne Easterbrook  
Bethan Evans  
Adam Kendall  
Iain Miller (resigned on 30 November 2016)  
Andrew Tobin  
Duncan Weir  
Paul Taverner  
Michael Boyd

## Report and Financial Statements 2017

### Members' report (continued)

#### Charitable donations

We continue to be committed to corporate responsibility and charitable giving. We operate a pro bono scheme providing legal advice to organisations that best fit our criteria of supporting young people and homelessness. We run a variety of events with Business in the Community including a 'Ready for Work' programme, 'Give and Gain Day' and reading schemes at schools in Bristol, London and Birmingham. We also hold dress down days to support major charitable events such as Children in Need or Comic Relief and charities local to our offices.

The LLP and staff made donations through a number of fundraising events over the year. The LLP itself contributed £4,000 (2016: £3,000).

#### Policy regarding Members' Drawings and Capital

Members are remunerated solely out of the profits of the LLP.

##### *Capital*

The capital requirements of the LLP are determined from time to time by the board. At present, capital is subscribed on a graduating system of £40,000 for fixed share consultant members, and full equity members on a sliding scale between £75,000 and £250,000. Capital is repaid within 24 months of the date members cease to be members. In prior years we have had an additional member category, fixed share partner. This band has been removed with a sliding scale of membership introduced during the current year.

##### *Allocation of profits and drawings*

The LLP has discretion over when and how to divide profits. During the year, the membership has formally allocated profits relating to prior periods. No other profits have been formally allocated. Unallocated profits will be formally divided when the Board decides it is appropriate to do so.

Any tax liability due on these profit allocations is the responsibility of the individual members. However the LLP retains from the members profit entitlement the tax due on these profits and pays this over to the relevant tax authorities on behalf of all the members at the appropriate times during the year.

Where the cash requirements of the business conflict with that of the need to pay monthly drawings, the membership policy is to meet the needs of the business commitments, then to discharge any amounts available to the members, without compromise to the business' cash position.

Where members have a contractual entitlement to remuneration, these payments are shown in the profit and loss account as 'Members remuneration charged as an expense' in accordance with the LLP Statement of Recommended Practice (SORP). Further details are contained within Note 1.

## Report and Financial Statements 2017

### Members' report (continued)

#### Employees

It is the LLP's policy to employ the most suitably qualified people, regardless of sex, age, sexual orientation, ethnic origin or religion. The LLP encourages the employment and career development of disabled people and the development and training of those employees who became disabled while in the LLP's employment.

The LLP regularly reviews its responsibilities for the health, safety and welfare of its employees.

The LLP recognises the benefit of keeping employees informed of the business' performance and updates employees by regular communicative reports.

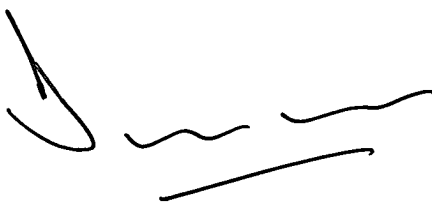
#### Disclosure of information to auditor

The members who held office at the date of approval of this members' report confirm that, so far as they are each aware, there is no relevant audit information of which the LLP's auditor is unaware; and each member has taken all the steps that they ought to have taken as a member to make themselves aware of any relevant audit information and to establish that the LLP's auditor is aware of that information.

#### Auditor

During the year the members re-appointed KPMG LLP as auditor of the Limited Liability Partnership.

Approved by the Members and signed on their behalf by:

A handwritten signature in black ink, appearing to be 'Duncan Weir', with a horizontal line underneath it.

**Duncan Weir**  
Designated Member

27 October 2017

Kings Orchard  
1 Queen Street  
Bristol  
BS2 0HQ

## Report and Financial Statements 2017

### Statement of members' responsibilities in respect of the Members' report and the financial statements

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

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

Under Regulation 8 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP 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 LLP will continue in business.

Under Regulation 6 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that its financial statements comply with those regulations. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the LLP and to prevent and detect fraud and other irregularities.

## **Independent auditor's report to the members of Bevan Brittan LLP**

We have audited the financial statements ("the financial statements") of Bevan Brittan LLP ("the LLP") for the year ended 30 April 2017 set out on pages 10 to 26. The financial reporting framework that has been applied in their preparation is UK Accounting Standards (UK GAAP), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the members of the Limited Liability Partnership (LLP), as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by Regulation 39 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of members and auditor**

As explained more fully in the Members' Responsibilities Statement set out on page <sup>7</sup>~~6~~, 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 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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the LLP as at 30 April 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK 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 Companies Act 2006) Regulations 2008.



## **Independent auditor's report to the members of Bevan Brittan LLP (continued)**

### **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 2006 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.

*Kate Teal*

**Kate Teal (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants  
66 Queen Square  
Bristol  
BS1 4BE  
United Kingdom

*31 October 2017*

**Report and Financial Statements 2017**

**Statement of comprehensive income  
for the year ended 30 April 2017**

	<b>Note</b>	<b>2017 £000</b>	<b>2016 £000</b>
Turnover		39,248	37,767
Operating expenses	2	(30,353)	(29,746)
<b>Operating profit</b>	3	8,895	8,021
Net interest receivable	5	272	87
Other finance costs	6	(695)	(662)
<b>Profit for the financial year before members' remuneration and profit shares</b>		8,472	7,446
Members' remuneration charged as an expense	8	(357)	(702)
<b>Profit for the financial year available for discretionary division among members</b>		8,115	6,744

All results relate to continuing activities.

There was no Other Comprehensive Income arising in the current or comparative year.

## Report and Financial Statements 2017

### Statement of changes in equity for the year ended 30 April 2017

	Loans and other debts due to members £000			Members' other interests £000	Total members' interests £000
	Members' capital £000	Other amounts £000	Total £000		
<b>Members' interests at 1 May 2015</b>	4,675	330	5,005	4,427	9,432
Members' remuneration charged as an expense	-	702	702	-	702
Profit for the year available for discretionary division among members	-	-	-	6,744	6,744
Members' interests after profit for the year	4,675	1,032	5,707	11,171	16,878
Other divisions of profit in the year	-	4,427	4,427	(4,427)	-
Introduced by members	1,150	-	1,150	-	1,150
Repayment of capital	(1,108)	-	(1,108)	-	(1,108)
Drawings and distributions	-	(6,822)	(6,822)	-	(6,822)
<b>Members' interests at 30 April 2016</b>	<b>4,717</b>	<b>(1,363)</b>	<b>3,354</b>	<b>6,744</b>	<b>10,098</b>

	Loans and other debts due to members £000			Members' other interests £000	Total members' interests £000
	Members' capital £000	Other amounts £000	Total £000		
<b>Members' interests at 1 May 2016</b>	4,717	(1,363)	3,354	6,744	10,098
Members' remuneration charged as an expense	-	357	357	-	357
Profit for the year available for discretionary division among members	-	-	-	8,115	8,115
Members' interests after profit for the year	4,717	(1,006)	3,711	14,859	18,570
Other divisions of profit in the year	-	6,744	6,744	(6,744)	-
Introduced by members	537	-	537	-	537
Repayment of capital	(570)	-	(570)	-	(570)
Drawings and distributions	-	(7,463)	(7,463)	-	(7,463)
Other movements	-	(256)	(256)	-	(256)
<b>Members' interests at 30 April 2017</b>	<b>4,684</b>	<b>(1,981)</b>	<b>2,703</b>	<b>8,115</b>	<b>10,818</b>

Loans and other debts due to members would rank pari passu, in the event of a winding up, with other creditors.

## Report and Financial Statements 2017

Statement of financial position  
as at 30 April 2017

	Note	2017 £000	2016 £000
<b>Fixed assets</b>			
Intangible assets	9	988	-
Tangible assets	9	3,007	3,107
<b>Current assets</b>		<u>3,995</u>	<u>3,107</u>
Debtors	10	18,635	20,209
Cash at bank and in hand		2	564
		<u>18,637</u>	<u>20,773</u>
Creditors: amounts falling due within one year	11	(7,293)	(7,961)
<b>Net current assets</b>		<u>11,344</u>	<u>12,812</u>
<b>Total assets less current liabilities</b>		<b>15,339</b>	<b>15,919</b>
Creditors: amounts falling due after more than one year	12	(3,014)	(3,964)
Provisions for liabilities	13	(1,507)	(1,857)
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<u><b>10,818</b></u>	<u><b>10,098</b></u>
<b>REPRESENTED BY:</b>			
<b>Loans and other debts due to members</b>			
Members' capital classified as a liability		4,684	4,717
Other amounts		(1,981)	(1,363)
		<u>2,703</u>	<u>3,354</u>
<b>Equity</b>			
Members' other interests – other reserves classified as equity		8,115	6,744
<b>TOTAL MEMBERS' INTERESTS</b>		<u><b>10,818</b></u>	<u><b>10,098</b></u>

The financial statements of Bevan Brittan LLP, registered number OC309219, were approved by the Members on 27 October 2017

Signed on behalf of the Members

Duncan Weir  
Managing Partner



## Report and Financial Statements 2017

### Cash flow statement

Year ended 30 April 2017

	2017 £000	2016 £000
<b>Net cash inflow from operating activities</b>		
Profit for the financial year after members' remuneration charged as an expense	8,115	6,744
Adjustments for:		
Interest receivable	(272)	(87)
Interest payable	695	662
Depreciation	708	738
Loss on disposal of fixed assets	3	-
(Decrease) in provisions	(350)	(638)
(Decrease) / increase in creditors	(631)	649
Decrease in debtors	1,574	78
Decrease in stock	-	81
Interest paid	(695)	(630)
Net cash flows from operating activities before transactions with members	9,147	7,597
Payments to and on behalf of members	(7,362)	(6,071)
	1,785	1,526
<b>Net cash from investing activities</b>		
Interest received	16	10
Acquisition of tangible fixed assets	(611)	(368)
Acquisition of intangible assets	(988)	-
	(1,583)	(358)
<b>Net cash from financing activities</b>		
Capital introduced by members	537	860
Capital repayments to members	(570)	(1,063)
Drawdown of bank loans	-	1,690
Repayment of bank loans	(731)	(810)
	(764)	677
Net (decrease)/increase in cash and cash equivalents	(562)	1,845
Cash and cash equivalents at 1 May	564	(1,281)
<b>Cash and cash equivalents at 30 April</b>	<b>2</b>	<b>564</b>

## Report and Financial Statements 2017

### Notes to the Financial Statements

#### Year ended 30 April 2017

##### 1. Accounting policies

The principal accounting policies used in the preparation of the financial statements, which have been consistently applied in the current and preceding financial years, are as follows:

##### **Basis of preparation**

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") and The Statement of Recommended Practice, 'Accounting by Limited Liabilities Partnerships'. All amounts in the financial statements are presented in £ thousands.

The financial statements have been drawn up to 30 April 2017, representing a period of 52 weeks (2016: period of 52 weeks).

The financial statements are prepared on the historical cost basis except that derivative financial instruments are stated at their fair value.

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

Judgements made by the members, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 18.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

##### **Going concern**

The members have reviewed the net assets position and trading and cashflow forecasts for the following 12 months, and as a result have a reasonable expectation that the LLP has the resources available at its disposal to continue in operational existence for the foreseeable future. Trading for the year has been profitable as discussed in the members' report. It is expected that the strategies discussed within that report will continue to drive profitable trading going forwards. It is considered that there is sufficient funding in place at present, as shown in Notes 11 and 12, and there are indications that further funding can be introduced as required. Therefore the members have adopted the going concern basis in preparing the annual financial statements.

##### **Turnover**

Turnover represents the right to consideration earned in respect of legal services performed during the year through performance of contractual obligations, net of any sales tax and discounts given to clients and excludes disbursements charged on to clients. Turnover is based on recorded time spent, skills and expertise provided and billed in accordance with the contractual arrangements with each client. All income arises within the UK. Also included in turnover is income from sub-leases, the value of which is disclosed in Note 3. Rental income is invoiced periodically in advance and recognised in the period to which leases relate.

## Report and Financial Statements 2017

### Notes to the Financial Statements (continued)

Year ended 30 April 2017

#### Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

#### Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### Amounts to be billed to clients

Services provided during the year to clients, which at the balance sheet date have not been billed to clients, have been recognised as revenue. Revenue recognised in this manner is based on an assessment of the fair value of services provided at the balance sheet date as a proportion of the total value of the engagement. Provision is made against unbilled amounts for those engagements where the right to receive payment is contingent on factors outside the control of the firm. 'Amounts to be billed to clients' is included in debtors. Amounts invoiced in advance are included in accruals and deferred income.

#### Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately as a profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

#### Interest receivable and interest payable

Interest payable and similar charges include interest payable, finance leases recognised in the Statement of Comprehensive Income using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in the Statement of Comprehensive Income as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

#### Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

## Report and Financial Statements 2017

### Notes to the Financial Statements (continued)

#### Year ended 30 April 2017

##### **Intangible fixed assets**

Intangible assets represent amounts incurred in the period developing the firm's new CMS and finance software. Intangible assets are stated at cost. No amortisation is necessary as these assets are classed as Assets under construction.

##### **Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold buildings – life of lease

Fixtures and fittings, computer equipment – 3-4 years

Depreciation methods, useful lives and residual values are reviewed where there is an indication of a significant change since the last annual reporting date in the pattern by which the LLP expects to consume an asset's future economic benefits.

##### **Cash and cash equivalents**

Cash, for the purposes of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year (other than cash).

##### **Leases**

Operating lease rentals are charged to the Statement of Comprehensive Income in equal amounts over the lease term. Lease incentives are recognised in the Statement of Comprehensive Income over the lease term, or up to the break point date, as an integral part of the total lease expense.

##### **Dilapidations**

Provision is made for dilapidations in respect of property leases which contain a requirement for the property to be returned to their original condition prior to the conclusion of the lease. Dilapidation provisions are accumulated on a straight line basis starting from a point in time 12 years prior to the end of the lease term.

##### **Provision for liabilities**

Provisions are recognised when the LLP has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably. Provisions are recognised using reliable estimates of the amounts required to settle obligations at the reporting date.

##### **Onerous Leases**

Provision is made for the present value of foreseeable lease commitments in respect of property leases, net of expected sub-let income, where the income receivable is lower than the head lease commitment. Onerous leases include leases representing property which will become redundant as a result of steps to which the LLP is demonstrably committed.



## Report and Financial Statements 2017

### Notes to the Financial Statements (continued)

#### Year ended 30 April 2017

##### Capital

The capital requirements of the LLP are determined from time to time by the Board. At present, capital is subscribed on a graduating system of £40,000 for fixed share consultant members, and on a sliding scale between £75,000 and £250,000 for full equity members. Capital is repaid within 24 months of the date members cease to be members. Once members cease to be members amounts unpaid are shown within other creditors.

##### Allocation of profits and drawings

The LLP has discretion over when to divide profits. During the year the membership has formally allocated profits relating to prior periods. No other profits have been formally allocated. Unallocated profits will be formally divided when the Board decides it is appropriate to do so.

During the period members received monthly drawings. Monthly drawings represent payments on account of current period profits and are reclaimable from members until profits have been formally allocated by the Board.

Certain members have contractual elements of remuneration that are not discretionary. These elements are shown in the Statement of Comprehensive Income as 'Members' remuneration charged as an expense' and represent a liability of the LLP.

##### Taxation

The taxation payable on the profits of the LLP is the personal liability of the members during the period under consideration and consequently neither taxation nor related deferred taxation are accounted for in the financial statements. Amounts retained in respect of members' personal tax liabilities are treated in the same way as other profits of the partnership and are so included in "Members interests" or in "Loans and other debts due to members" depending on whether or not an allocation of profits has occurred.

#### 2. Operating expenses

	2017 £000	2016 £000
Staff Costs (Note 4)	15,541	14,117
Depreciation (Note 3)	708	738
Other operating expenses	14,104	14,891
	<u>30,353</u>	<u>29,746</u>

## Report and Financial Statements 2017

### Notes to the Financial Statements (continued)

#### Year ended 30 April 2017

#### 3. Operating profit

	2017 £000	2016 £000
<b>Operating profits after charging :</b>		
Depreciation of tangible fixed assets		
Owned assets	708	738
Loss on disposal of tangible fixed assets	3	-
Rentals under operating leases		
Other operating leases	3,137	3,466
Auditor's remuneration		
Audit of these financial statements	38	38
Amounts receivable by auditor and their associates in respect of:		
Audit related assurance services	37	37
Impairment loss on debtors	-	124
Income from sub-lets, included in turnover	(1,291)	(1,605)

#### 4. Staff costs and employee information

	2017 £000	2016 £000
Employee costs during the year amounted to:		
Wages and salaries	12,829	11,588
Social security costs	1,320	1,249
Pension costs (Note 15)	1,392	1,280
	<u>15,541</u>	<u>14,117</u>

#### Average Headcount Numbers

	2017 No	2016 No
Members	36	34
Fee earners	197	190
Trainees	39	17
Support staff	17	40
	<u>289</u>	<u>281</u>

## Report and Financial Statements 2017

### Notes to the Financial Statements (continued)

#### Year ended 30 April 2017

##### 5. Net interest receivable

	2017 £000	2016 £000
Bank interest receivable	16	10
Net gain on financial instruments measured at fair value through profit or loss	256	77
	<u>272</u>	<u>87</u>

##### 6. Other finance costs

	2017 £000	2016 £000
Bank interest payable	170	139
Interest payable in respect of SWAP	502	490
Unwind of discount on provisions	21	32
Payments to clients	2	1
	<u>695</u>	<u>662</u>

Net interest payable excludes interest payable to members, which is included within "Members' drawings".

##### 7. Members' share of profits

The average number of members during the year was 34 (2016:34).

The profit of the highest paid member depends on the allocation of the performance related bonus pool, which at the date of signing the accounts had still to be finalised. Excluding this element the profit share of the highest paid member in the year to 30 April 2017 was £225k (2016 - £211k). This also excludes interest distributed on members' current account balances, as the members consider this not to be an allocation of profits. The full payment of the highest paid member including performance related bonus in the year to 30 April 2017 was £384k.

##### 8. Members' remuneration charged as an expense

In accordance with the requirements of the Statement of Recommended Practice '*Accounting by Limited Liability Partnerships*' all outflows of benefits to members are treated as members' remuneration, with the exception of amounts paid to fixed share consultant members that is treated as members remuneration charged as an expense. No remuneration was paid to members under an employment contract (2016 – £Nil).

## Report and Financial Statements 2017

## Notes to the Financial Statements (continued)

Year ended 30 April 2017

## 9. Tangible and Intangible fixed assets

	Tangible Assets				Intangible assets	
	Buildings leasehold improvements	IT Equipment	Fixtures, fittings, tools and equipment	Total	Software under development	Total
	£000	£000	£000	£000	£000	£000
<b>Cost</b>						
At 1 May 2016	7,551	1,581	2,318	11,450	-	11,450
Additions	70	451	90	611	988	1,599
Disposals	-	-	(3)	(3)	-	(3)
<b>At 30 April 2017</b>	<b>7,621</b>	<b>2,032</b>	<b>2,405</b>	<b>12,058</b>	<b>988</b>	<b>13,046</b>
<b>Accumulated depreciation</b>						
At 1 May 2016	5,048	1,159	2,136	8,343	-	8,343
Charge for the year	417	196	95	708	-	708
Disposals	-	-	-	-	-	-
<b>At 30 April 2017</b>	<b>5,465</b>	<b>1,355</b>	<b>2,231</b>	<b>9,051</b>	<b>-</b>	<b>9,051</b>
<b>Net book value</b>						
<b>At 30 April 2017</b>	<b>2,156</b>	<b>677</b>	<b>174</b>	<b>3,007</b>	<b>988</b>	<b>3,995</b>
At 30 April 2016	2,503	422	182	3,107	-	3,107

## 10. Debtors

	2017 £000	2016 £000
Trade debtors	9,448	9,769
Amounts to be billed to clients	2,597	2,529
Amounts due from members	2,993	4,053
Amounts due from former members	-	314
Prepayments and other debtors	3,597	3,544
	<b>18,635</b>	<b>20,209</b>

All amounts are due within one year.

## Report and Financial Statements 2017

## Notes to the Financial Statements (continued)

## Year ended 30 April 2017

## 11. Creditors: amounts falling due within one year

	2017 £000	2016 £000
Bank loans and overdrafts	798	835
Trade creditors	2,503	3,101
Other creditors	1,322	948
Accruals and deferred income	1,616	2,246
Amounts due to former members	328	105
SWAP liability (Note 17)	490	490
Holiday pay accrual	236	236
	<u>7,293</u>	<u>7,961</u>

## 12. Creditors: amounts falling due after more than one year

	2017 £000	2016 £000
Bank loans	971	1,665
SWAP liability (note 17)	2,043	2,299
	<u>3,014</u>	<u>3,964</u>

**Facilities**

As at 30 April 2017, the LLP had bank loan facilities totalling £3.5m of which £1.8m was drawn down at the year end, and an overdraft facility of £3.0m that is undrawn at year end. The bank loan carries an interest rate of 2.2% above base and is repayable in equal quarterly instalments of £209,000 by 29 January 2019 inclusive of interest. The capital element of the borrowings to be repaid within the next 12 months amount to £798,000 as disclosed in Note 11. The facility is secured by a fixed and floating charge over the assets of the LLP.

**Security**

All members' capital contributions are the personal responsibility of the members. The LLP guarantees to pay any capital repayments and interest due for any member, which remains unpaid at the date when they retire from the LLP, or in the unlikely event that the member defaults.

## Report and Financial Statements 2017

### Notes to the Financial Statements (continued)

Year ended 30 April 2017

#### 13. Provisions for liabilities

	Onerous leases £000	Dilapidations £000	Professional indemnity £000	Total £000
At beginning of year	1,182	398	277	1,857
Utilised during year	(430)	-	(100)	(530)
Released during year	(36)	-	-	(36)
Contribution from sub-tenant	-	19	-	19
Additional amounts provided	-	131	45	176
Unwinding of discount	21	-	-	21
<b>At end of year</b>	<b>737</b>	<b>548</b>	<b>222</b>	<b>1,507</b>

The expected timing of such provisions is as follows:

	Onerous leases £000	Dilapidations £000	Professional indemnity £000	Total £000
Within one year	312	-	222	534
Within two to five years	441	403	-	844
After five years	-	145	-	145
Less discounts	(16)	-	-	(16)
	<b>737</b>	<b>548</b>	<b>222</b>	<b>1,507</b>

The professional indemnity provision is included to cover estimated excess elements of claims arising as a result of claims against Bevan Brittan LLP.

## Report and Financial Statements 2017

### Notes to the Financial Statements (continued)

Year ended 30 April 2017

#### 14. Operating lease commitments

- (a) The LLP had no capital commitments at the end of the financial year (2016: £Nil);
- (b) Total commitments under non-cancellable operating leases are as follows:

	<b>2017</b>	<b>2016</b>
	<b>Land and buildings £000</b>	<b>Land and buildings £000</b>
Lease commitments due:		
Within one year	3,036	3,269
Within two to five years	8,639	10,704
After five years	-	1,712
	<u>11,675</u>	<u>15,685</u>

- (c) Leases as lessor

The future minimum lease payments receivable under non-cancellable leases are as follows:

	<b>2017</b>	<b>2016</b>
	<b>Land and buildings £000</b>	<b>Land and buildings £000</b>
Within one year	922	342
Within two to five years	1,608	802
After five years	-	-
	<u>2,530</u>	<u>1,144</u>

During the year £nil (2016: £nil) of contingent rent was recognised as income by the LLP.

#### 15. Employee benefits

Bevan Brittan LLP operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the LLP in an independently administered fund. Contributions payable by the LLP amounted to £1,392k in the year (2016: £1,280k) and are included in the profit and loss account. At 30 April 2017 amounts due to the scheme of £126k (2015: £118k) were included within creditors falling due within one year in the balance sheet.

## Report and Financial Statements 2017

### Notes to the Financial Statements (continued)

#### Year ended 30 April 2017

##### 16. Related parties

In the opinion of the members there is no controlling party as defined by FRS 102.

The largest and smallest group of undertakings for which accounts have been drawn up is that headed by Bevan Brittan LLP.

##### Transactions with key management

The members of the Strategic Board are responsible for planning, directing and controlling the activities of the LLP. The members of the Board share in the profits of the partnership and the following disclosures relate to those members only.

Details of profit share is disclosed in Note 7. The total payable to the members on the Board, excluding the profit share that is yet to be allocated, was £1,317k.

There were no balances due to or from key management at 30 April 2017 or 30 April 2016 save in respect of relevant shares of profit (or related taxation) and members capital.

Total members' capital invested by key management in the partnership amounted to £1,325k at 30 April 2017 (2016: £1,719k).

##### Other related party transactions

One of the designated members is also a director of K O Management Ltd. This company had administrative expenses of £2k during the year which were paid by Bevan Brittan LLP. No amounts remain outstanding at the period end.

##### 17. Financial instruments

##### 17 (a) Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2017 £000	2016 £000
Liabilities measured at fair value through Statement of comprehensive income	2,533	2,789
	<u>2,533</u>	<u>2,789</u>

The above liability is in respect of an interest rate swap expiring in June 2022.



## Report and Financial Statements 2017

### Notes to the Financial Statements (continued)

Year ended 30 April 2017

#### *17 (b) Financial instruments measured at fair value*

The fair value of the SWAP liability is based on the settlement value provided by the financial institution providing the instrument. This quote is tested for reasonableness by discounting estimated cash flows based on terms and maturity of the contract and using market interest rates for a similar instrument at the measurement date. The interest rate used to calculate estimated cash flows was 2.2%.

It is felt that the impact of Bevan Brittan's own credit risk movement is immaterial in the year and has no impact on these estimates.

#### **18. Accounting estimates and judgements**

##### *Onerous Leases*

Provision is made for the present value of foreseeable rental commitments in respect of surplus property, after offsetting expected sub-letting income. The LLP has several subleases against property we hold as the main lease holder. There is no additional space that is surplus to requirement.

Where these sub-leases, including any incentives given are at less than the market rent the LLP is expecting to pay against the head lease, this reduction in economic benefit has been accounted for up to the first potential break, reflecting the certainty that currently exists. In addition this onerous element has been discounted by 3% to reflect the unexpired portions of the sub-leases (see total provision in Note 13). The discount rate used is in line with current funding lines.

Were the discount rate on the onerous leases to decrease by 1% the required provision would increase by £36,000. If the tenanted area vacated at the end of the subleases is not sublet or otherwise used in a profitable manner, the additional costs to the LLP are expected at the reporting date to be £588,000 per annum.

##### *Dilapidations*

Provision is made for dilapidations in respect of property leases which contain a requirement for premises to be returned to their original state prior to the conclusion of the lease term. Such provisions required are provided over the 12 years before the lease end date (see Accounting Policies Note 1).

The rate of provision is calculated with reference to the most recent dilapidations payments per square foot and applied to other properties in the LLP portfolio. This allows the estimate of dilapidations provision to be accumulated using the most recent relevant data available. This is updated as soon as there is certainty regarding expected cost or reinstatement work.

The inflation rate used to estimate costs is 3% in line with current RPI (June 2017). Were this rate to change by 1%, this would require a change the annual charge estimated to be £10,000.

## Report and Financial Statements 2017

### Notes to the Financial Statements (continued)

#### Year ended 30 April 2017

##### 18. Accounting estimates and judgements (continued)

###### *Trade debtors and amounts to be billed to clients*

Invoices are raised as per client contracts, management consider the recoverability of the resulting trade debtors based on known or indicated poor payment or dispute. A provision is held against these amounts.

Also included in debtors are amounts to be billed to clients representing Work in progress. This is calculated at the value recorded and expected to be billed after the period end. The balance is calculated after the removal of items that are considered likely to be irrecoverable (see Note 10).

Were a further 1% of trade debtors and accrued income to be irrecoverable, this would result in an additional impairment charge of £94,000 and £26,000 respectively.

###### *SWAP*

The SWAP is also considered an estimate. See Note 17(b) for information on measurement.

The measurement of this estimate is based on expectations of future interest rates. A 0.1% change in interest rates has an approximate impact of £60,000 on the fair value (an increase in interest rates would reduce the liability and vice versa).