

Limited Liability Partnership
Registration No. OC322935

**Taylor Wessing Limited Liability
Partnership**

Report and Financial Statements

30 April 2012



Taylor Wessing Limited Liability Partnership

Report and financial statements 2012

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Taylor Wessing Limited Liability Partnership

Members' report

The Board is pleased to present its report to the members of Taylor Wessing Limited Liability Partnership ("Taylor Wessing LLP") and the audited financial statements of the firm for the year ended 30 April 2012

Firm structure

Taylor Wessing LLP is a limited liability partnership registered in England and Wales

Taylor Wessing LLP incorporated a service company on 10 December 2010. This commenced trading on 1 May 2011. Taylor Wessing Services Limited is a wholly owned subsidiary and is consolidated into the results of Taylor Wessing LLP for the year ended 30 April 2012. The service company provides administrative and support services to the LLP.

A list of members' names is available for inspection at 5 New Street Square, London EC4A 3TW which is also Taylor Wessing LLP's principal place of business and registered office. More information about Taylor Wessing LLP is available on our website, www.taylorwessing.com

Principal activity and business review

The firm's principal activity is the provision of legal services in the United Kingdom. The results for the year and the financial position at the year end were considered satisfactory by the members.

Details regarding the adoption of the going concern basis can be found in note 1 to the accounts.

Designated members

The designated members who served during the year and currently are

Rodney Dukes (resigned 31 December 2012)

Tim Eyles

Charles Lloyd (resigned 31 December 2012)

James Robertson

Niri Shanmuganathan (appointed 1 January 2013)

Keith Barnett (appointed 1 January 2013)

Members' drawings and capital policy

The members' policy on drawings is dependent upon the working capital requirements of the firm. A conservative level of monthly drawings is set at the start of the year and further distributions are made once the results for the year and allocation of profit have been finalised.

The level of members' capital is determined by the members from time to time. Capital is generally repaid to members six months after the year end following cessation of membership of the firm.

Auditor

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in accordance with the LLP agreement.

Signed on behalf of the Board



Tim Eyles

Managing Partner and
Designated Member

23 January 2013

Taylor Wessing Limited Liability Partnership

Statement of members' responsibilities

The members are responsible for preparing the Annual Report and the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP)

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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the LLP and of the Group and of the profit or loss of the Group for that period. In preparing these 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 UK accounting standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the firm will continue in business.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the firm and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the firm and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

These responsibilities are exercised by the Board on behalf of the members.

Independent auditor's report to the members of Taylor Wessing Limited Liability Partnership

We have audited the financial statements of Taylor Wessing LLP for the year ended 30 April 2012 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, and the related notes 1 to 18. 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 Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 April 2012 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Members' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Taylor Wessing Limited Liability Partnership

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 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have received all the information and explanations we require for our audit



Jeremy Black (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

29 January 2013

Taylor Wessing Limited Liability Partnership

Consolidated profit and loss account Year ended 30 April 2012

	Notes	2012 £'000	2011 £'000
Fee income	2	97,412	88,506
Other income		3,571	2,727
Operating expenses	3	(62,073)	(58,684)
Operating profit		38,910	32,549
Net interest receivable/(payable)	5	175	(15)
Profit on ordinary activities before taxation		39,085	32,534
Tax on profit on ordinary activities	7	(2)	-
Profit for the financial year before members' remuneration and profit shares		39,083	32,534
Members' remuneration charged as an expense		(8,817)	(8,393)
Retained profit for the financial year available for discretionary division among members	12a	30,266	24,141

All amounts relate to continuing operations

There have been no other recognised gains and losses other than those disclosed above and therefore no statement of total recognised gains or losses has been presented


Taylor Wessing Limited Liability Partnership

Consolidated balance sheet 30 April 2012

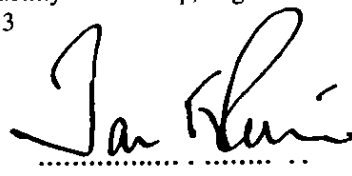
	Notes	2012 £'000	2011 £'000
Fixed assets			
Tangible fixed assets	8	13,651	16,065
Investments	9	663	609
		<u>14,314</u>	<u>16,674</u>
Current assets			
Unbilled revenue		6,224	6,378
Debtors	10	44,698	38,231
Amounts due from members		5,307	5,183
Cash at bank and in hand		5,324	-
		<u>61,553</u>	<u>49,792</u>
Creditors: amounts falling due within one year	11	<u>(24,143)</u>	<u>(24,073)</u>
Net current assets		<u>37,410</u>	<u>25,719</u>
Total assets less current liabilities		<u>51,724</u>	<u>42,393</u>
Net assets		<u>51,724</u>	<u>42,393</u>
Represented by:			
Loans and other debts due to members within one year			
Members' capital classified as a liability under FRS 25		13,459	12,731
Other amounts		7,999	5,521
Equity			
Members' other interests – other reserves classified as equity under FRS 25		30,266	24,141
		<u>51,724</u>	<u>42,393</u>
Total members' interests			
Amounts due from members		(5,307)	(5,183)
Loans and other debts due to members		21,458	18,252
Members' other interests		30,266	24,141
	12a	<u>46,417</u>	<u>37,210</u>

The financial statements of Taylor Wessing Limited Liability Partnership, registered number OC322935 were approved by the Board of Members on 23 January 2013

Signed on behalf of the Board of Members



 Tim Eyles
 Managing Partner and
 Designated Member



 James Robertson
 Designated Member

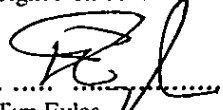
Taylor Wessing Limited Liability Partnership

LLP balance sheet 30 April 2012

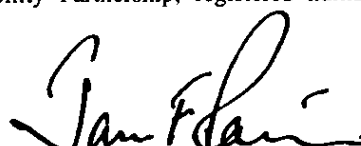
	Notes	2012 £'000	2011 £'000
Fixed assets			
Tangible fixed assets	8	13,651	16,065
Investments	9	663	609
		<u>14,314</u>	<u>16,674</u>
Current assets			
Unbilled revenue		6,224	6,378
Debtors	10	44,255	38,231
Amounts due from members		5,307	5,183
Cash at bank and in hand		2,814	-
		<u>58,600</u>	<u>49,792</u>
Creditors: amounts falling due within one year	11	<u>(21,196)</u>	<u>(24,073)</u>
Net current assets		<u>37,404</u>	<u>25,719</u>
Total assets less current liabilities		<u>51,718</u>	<u>42,393</u>
Net assets		<u>51,718</u>	<u>42,393</u>
Represented by:			
Loans and other debts due to members within one year			
Members' capital classified as a liability under FRS 25		13,459	12,731
Other amounts		7,999	5,521
Equity			
Members' other interests – other reserves classified as equity under FRS 25		30,260	24,141
		<u>51,718</u>	<u>42,393</u>
Total members' interests			
Amounts due from members		(5,307)	(5,183)
Loans and other debts due to members		21,458	18,252
Members' other interests		30,260	24,141
	12b	<u>46,411</u>	<u>37,210</u>

The financial statements of Taylor Wessing Limited Liability Partnership, registered number OC322935 were approved by the Board of Members on 23 January 2013

Signed on behalf of the Board of Members



 Tim Eyles
 Managing Partner and
 Designated Member



 James Robertson
 Designated Member

Taylor Wessing Limited Liability Partnership

Consolidated Cash flow statement Year ended 30 April 2012

	Notes	2012 £'000	2011 £'000
Cash flow statement			
Net cash inflow from operating activities	14	37,980	30,379
Returns on investments and servicing of finance	15a	19	(15)
Capital expenditure and financial investment	15b	(777)	(955)
Transactions with members and former members	15c	(29,447)	(25,225)
Increase in cash in the year		<u>7,775</u>	<u>4,184</u>
Reconciliation of net cash flow to movement in net funds			
Net deficit at beginning of year	16	(2,451)	(6,635)
Increase in cash in the year	16	<u>7,775</u>	<u>4,184</u>
Net deficit at end of year	16	<u>5,324</u>	<u>(2,451)</u>

Taylor Wessing Limited Liability Partnership

Notes to the financial statements Year ended 30 April 2012

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current year and in the preparation of the comparative figures.

Basis of accounting and preparation

The financial statements reflect the results for the year ended 30 April 2012. The financial statements consolidate the accounts of Taylor Wessing LLP and its subsidiary undertaking, Taylor Wessing Services Limited, drawn up to 30 April 2012. No individual profit and loss account is presented for Taylor Wessing LLP, as permitted by section 400 of the Companies Act 2006. The profit for the year of the LLP is £30,260,000 (2011: £24,141,000).

The financial statements have been prepared under the historical cost convention in accordance with United Kingdom applicable law and accounting standards and the Statement of Recommended Practice, 'Accounting by Limited Liability Partnerships'.

Taylor Wessing Services Limited was incorporated on 10 December 2010 but was a dormant company in the previous financial year. As this company became fully operational in the current financial year, consolidated accounts have been prepared for the Group accounts.

There are no differences between the profit on ordinary activities before taxation and the profit available for division among the members and their historical cost equivalents.

Going concern

The going concern basis has been adopted in preparing the financial statements. Notwithstanding the current economic conditions and uncertainty over the level of future revenues, having considered the firm's forecasts and projections, the members are satisfied that the firm has adequate resources to continue in operational existence for the foreseeable future.

Fee income and revenue recognition

Fee income represents the fair value of legal services provided during the year on client assignments. Fair value reflects the amount expected to be recoverable from clients and is based on time spent, expertise and skills provided, and expenses incurred. Fee income is stated net of Value Added Tax.

Legal services provided to clients during the year which, at the balance sheet date, have not been invoiced to clients, have been recognised as fee income in accordance with Financial Reporting Standard 5 'Reporting the substance of transactions'. Application Note G 'Revenue Recognition' and the Urgent Issues Task Force Abstract 40 'Revenue recognition and service contracts'.

Fee income recognised in this manner is based on an assessment of the fair value of the services provided by the balance sheet date as a proportion of the total value of the engagement. Provision is made against unbilled amounts on those engagements where the right to receive payments is contingent on factors outside the control of the firm.

Contingent fee income (over and above any agreed minimum fee which is recognised as above) is recognised in the period when the contingent event occurs. Unbilled fee income is included as unbilled revenue within debtors.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and any provision for impairments. Depreciation is provided on all tangible fixed assets so as to write off the cost, less the estimated residual value, of fixed assets over their estimated useful economic lives, as follows:

Leasehold improvements	over the shorter of ten years and the remaining period of the lease
Furniture	four to ten years on a straight-line basis
Computer equipment	three to ten years on a straight-line basis
Office equipment	three to five years on a straight-line basis

Taylor Wessing Limited Liability Partnership

Notes to the financial statements Year ended 30 April 2012

1. Accounting policies (continued)

Investments

Fixed asset investments are stated at cost less provision for impairment

Taxation

The taxation payable on the profits of the limited liability partnership is the personal liability of the members for the year and therefore not a charge on the partnership. An amount is retained from each member's profit share within Taylor Wessing LLP to cover the member's estimated liability for income tax and social security contributions on their profit share. The consolidated tax charge comprises tax payable in respect of Taylor Wessing Services Ltd.

Foreign currencies

Transactions denominated in currencies other than the reporting currency are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities not denominated in the reporting currency at the balance sheet date are translated at the rates ruling at that date.

Leases

Operating lease rentals are charged to the profit and loss account in equal amounts over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant leases.

Staff pensions

Taylor Wessing LLP operates a defined contribution pension scheme. The firm also had a defined benefit scheme which closed to new entrants on 30 April 1988. All members of the defined benefit scheme have transferred out and there are no further liabilities.

The defined contribution pension scheme is accounted for under UK Financial Reporting Standard 17 'Retirement Benefits' (FRS 17).

The amount charged to the profit and loss account for the defined contribution scheme is the amount payable for the period according to the scheme's rules. Differences between contributions payable in the year and contributions paid are shown as either accruals or prepayments in the balance sheet.

Financial liabilities and equity

Members are required under the terms of the Members' Agreement to provide capital in proportion to the profit sharing points allocated to them. Capital is repayable to members six months after cessation of membership of the LLP and as such is disclosed as a liability.

2. Segmental analysis

All revenue is derived from the provision of legal services in the United Kingdom and accordingly no separate geographical or business segment information is provided.

Taylor Wessing Limited Liability Partnership

Notes to the financial statements Year ended 30 April 2012

3. Analysis of operating expenses

	Notes	2012 £'000	2011 £'000
Staff costs	4	37,607	34,612
Depreciation	8	2,787	2,654
Other operating charges		21,679	21,418
		<u>62,073</u>	<u>58,684</u>
Operating profit is stated after charging			
Depreciation			
- Owned assets		2,787	2,654
Operating lease costs		6,508	6,810
Auditor's remuneration:			
Fees payable to the LLP's auditor for the audit of the LLP's annual accounts		63	66
Total audit fees		<u>63</u>	<u>66</u>
Other services pursuant to legislation		20	20
Other services		-	4
Total non-audit fees		<u>20</u>	<u>24</u>

4. Staff costs

	2012 No.	2011 No
The average number of people employed during the year (excluding members) was		
Fee-earners	251	235
Non fee earning professionals	24	16
Support staff	255	234
	<u>530</u>	<u>485</u>
Staff costs incurred during the year in respect of employees were		
	£'000	£'000
Salaries (including staff bonus)	29,082	26,497
Social security costs	3,336	2,839
Other pension costs	1,481	1,499
Other costs	3,708	3,777
Total staff costs	<u>37,607</u>	<u>34,612</u>

Taylor Wessing Limited Liability Partnership

Notes to the financial statements Year ended 30 April 2012

5. Net interest receivable/(payable)

	2012 £'000	2011 £'000
Bank and other interest receivable/(payable)	175	(12)
Interest on defined benefit pension scheme liabilities	-	(109)
Expected return on defined benefit pension scheme assets	-	106
Net interest receivable/(payable)	<u>175</u>	<u>(15)</u>

6. Members' share of profits

Profits are shared among the members in accordance with agreed profit sharing arrangements after the financial statements have been approved by the members

	2012 No	2011 No.
Average number of members	<u>100</u>	<u>99</u>

The highest remuneration of a member for the year was £860,551 (2011 £703,033)

7. Taxation on profit on ordinary activities

	2012 £'000	2011 £'000
UK corporation tax at 24% (2011 26%)	<u>2</u>	<u>-</u>
Total current taxation on profit on ordinary activities	<u>2</u>	<u>-</u>

The standard rate of tax for the year based on the UK standard rate of corporation tax is 24% (2011 26%)

The proportion of the tax payable that is a personal liability of the members is not shown in these financial statements whereas the proportion that is the liability of the LLP is shown below

	2012 £'000	2011 £'000
Profit on ordinary activities before tax	39,085	32,534
Less amounts subject to personal taxation	<u>(39,077)</u>	<u>32,534</u>
Profits subject to UK corporation tax	8	-
Tax at the UK corporation tax rate of 24% (2011 26%)	<u>2</u>	<u>-</u>

Taylor Wessing Limited Liability Partnership

Notes to the financial statements Year ended 30 April 2012

8. Tangible fixed assets

	Leasehold improvements £'000	Group and LLP Furniture and equipment £'000	Total £'000
Cost:			
At 1 May 2011	17,637	15,174	32,811
Additions	154	236	390
Disposals	-	(24)	(24)
At 30 April 2012	17,791	15,386	33,177
Depreciation:			
At 1 May 2011	4,967	11,779	16,746
Charge for the year	2,069	718	2,787
Disposals	-	(7)	(7)
At 30 April 2012	7,036	12,490	19,526
Net book value:			
At 30 April 2012	10,755	2,896	13,651
At 30 April 2011	12,670	3,395	16,065

9. Investments

	Group and LLP Other investments £'000
Cost and net book value:	
At 1 May 2011	809
Additions	404
Disposals	-
At 30 April 2012	1,213
Provision for impairment	
At 1 May 2011	(200)
Written off	(350)
As at 30 April 2012	(550)
Net book value.	
As at 30 April 2012	663
As at 30 April 2011	609

Taylor Wessing Limited Liability Partnership

Notes to the financial statements Year ended 30 April 2012

9. Investments (continued)

The investment relates to shares in the following principal entities

Entity	Country of incorporation	Nature of business	Proportion of voting rights and ordinary shares held
Carmelite Services Company	England and Wales	Dormant	100%
Huntsmoor Limited	England and Wales	Dormant	100%
Huntsmoor Nominees Limited	England and Wales	Dormant	100%
Huntsmoor Nominees (Carmelite) Limited	England and Wales	Dormant	100%
Huntsmoor Property Limited	England and Wales	Dormant	100%
Taylor Joynson Garrett Limited	England and Wales	Dormant	100%
Taylor Wessing Pension Trustees Limited	England and Wales	Dormant	100%
TW Trustee Company Limited	England and Wales	Dormant	100%
Carmelite Insurance Limited	Guernsey	Insurance company	100%
TJG Secretaries Limited	England and Wales	Dormant	100%
Taylor Wessing UK Staff Trustee Limited	England and Wales	Dormant	100%
Taylor Wessing Process Service Limited	England and Wales	Dormant	100%
Taylor Wessing (London) Ltd	England and Wales	Dormant	100%
Taylor Wessing Secretaries Limited	England and Wales	Dormant	100%
TW Life Cover Trustee Limited	England and Wales	Dormant	100%
Taylor Wessing SCRL	Belgium	Law firm	49%
New Street Solutions Limited	England and Wales	Dormant	100%
Taylor Wessing Overseas Investments (Dubai) Limited	England and Wales	Intermediate holding company	100%
Taylor Wessing Services Limited	England and Wales	Service company	100%

The companies listed above, other than Taylor Wessing Services Limited, are not consolidated on the grounds of materiality

10 Debtors

	LLP		Group	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Client debtors	39,015	32,042	39,015	32,042
Other debtors	767	1,079	969	1,079
Prepayments and accrued income	4,473	5,110	4,714	5,110
	<u>44,255</u>	<u>38,231</u>	<u>44,698</u>	<u>38,231</u>

Taylor Wessing Limited Liability Partnership

Notes to the financial statements Year ended 30 April 2012

11. Creditors: amounts falling due within one year

	LLP		Group	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Bank overdraft	-	2,451	-	2,451
Trade creditors	5,549	3,353	5,657	3,353
Amounts due to subsidiary undertakings	147	-	-	-
Social security and other taxes	2,543	2,403	3,430	2,403
Other creditors	88	100	84	100
Accruals and deferred income	12,869	15,766	14,972	15,766
	<u>21,196</u>	<u>24,073</u>	<u>24,143</u>	<u>24,073</u>

12a. Reconciliation of members' interests

Consolidated

	Members' capital classified as debt under FRS 25 £'000	Loans and other debts due to members £'000	Loans and other debts due from members £'000	Members' other interests £'000	Total members' interests £'000
Members' interests at 1 May 2011	12,731	5,521	(5,183)	24,141	37,210
Profit for the financial year available for discretionary division among members	-	-	-	30,266	30,266
Members remuneration charged as an expense	-	8,817	-	-	8,817
Members' interests after profit for the year	12,731	14,338	(5,183)	54,407	76,293
Division of prior year profits	-	18,958	5,183	(24,141)	-
Distribution of prior year profit	-	(5,451)	-	-	(5,451)
Members remuneration charged as an expense	-	(8,817)	-	-	(8,817)
Drawings on account of current year profits	-	-	(5,307)	-	(5,307)
Tax payments and reserves	-	(11,029)	-	-	(11,029)
Capital introduced	1,763	-	-	-	1,763
Capital repaid	(1,035)	-	-	-	(1,035)
Members' interests at 30 April 2012	<u>13,459</u>	<u>7,999</u>	<u>(5,307)</u>	<u>30,266</u>	<u>46,417</u>

Taylor Wessing Limited Liability Partnership

Notes to the financial statements Year ended 30 April 2012

12b Reconciliation of members' interests

Limited Liability Partnership

	Members' capital classified as debt under FRS 25 £'000	Loans and other debts due to members £'000	Loans and other debts due from members £'000	Members' other interests £'000	Total members' interests £'000
Members' interests at 1 May 2011	12,731	5,521	(5,183)	24,141	37,210
Profit for the financial year available for discretionary division among members	-	-	-	30,260	30,260
Members remuneration charged as an expense	-	8,817	-	-	8,817
Members' interests after profit for the year	12,731	14,338	(5,183)	54,401	76,287
Division of prior year profits	-	18,958	5,183	(24,141)	-
Distribution of prior year profit	-	(5,451)	-	-	(5,451)
Members remuneration charged as an expense	-	(8,817)	-	-	(8,817)
Drawings on account of current year profits	-	-	(5,307)	-	(5,307)
Tax payments and reserves	-	(11,029)	-	-	(11,029)
Capital introduced	1,763	-	-	-	1,763
Capital repaid	(1,035)	-	-	-	(1,035)
Members' interests at 30 April 2012	13,459	7,999	(5,307)	30,260	46,411

Members are required under the terms of the Members' Agreement to provide capital in proportion to the profit sharing points allocated to them. The amount per point is assessed annually, with any changes usually being effective on 1 May. Capital is repaid to members six months after cessation of membership of the limited liability partnership and so is presented above in amounts due to members.

The members vote to approve the division of profit accrued after the balance sheet date. As a result, the balance of profit available for division among the members as at 30 April 2012 is included in members' other interests.

Drawings by members on account of profits for the year have been included within amounts due from members. In the event of a winding up, Members' capital shall rank in order of priority subordinate to any bank or other external provider of finance or capital, loans and other debts due to Members rank equally with unsecured creditors, members' other interests rank after unsecured creditors.

Amounts paid to fixed share members are shown as "Members remuneration charged as an expense" on the face of the profit and loss account.

Taylor Wessing Limited Liability Partnership

Notes to the financial statements Year ended 30 April 2012

13. Obligations under leases and hire purchase contracts

Annual commitments under non-cancellable operating leases are as follows

Operating leases in respect of land and buildings which expire

	2012 £'000	2011 £'000
In two to five years	66	-
In over five years	8,404	8,424
	<u>8,470</u>	<u>8,424</u>

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

	2012 £'000	2011 £'000
Operating profit	38,910	32,546
Depreciation and impairment charges	3,137	2,754
Increase in debtors and unbilled revenue	(6,314)	(9,469)
Increase in creditors	2,247	4,593
Defined benefit pension expense	-	(45)
Net cash inflow from operating activities	<u>37,980</u>	<u>30,379</u>

15. Analysis of cash flows

	2012 £'000	2011 £'000
a) Returns on investments and servicing of finance		
Interest received/(paid)	19	(12)
Defined benefit finance cost	-	(3)
	<u>19</u>	<u>(15)</u>
b) Capital expenditure and financial investment		
Purchase of tangible fixed assets	(390)	(955)
Purchase of investments	(404)	-
Disposal of tangible fixed assets	16	-
	<u>(778)</u>	<u>(955)</u>
c) Transactions with members and former members		
Drawings and distributions	(21,217)	(16,829)
Members' remuneration charged as an expense	(8,817)	(8,393)
Capital contributions by members	1,622	1,116
Capital repayment to members	(1,035)	(1,119)
	<u>(29,447)</u>	<u>(25,225)</u>

Taylor Wessing Limited Liability Partnership

Notes to the financial statements Year ended 30 April 2012

16. Analysis of changes in net funds/(deficit)

	At 1 May 2011 £'000	Cash flow £'000	At 30 April 2012 £'000
Cash and cash equivalents	-	5,324	5,324
Bank overdraft	(2,451)	2,451	-
Net surplus	(2,451)	7,775	5,324

17. Staff pension schemes

Defined contribution scheme

The cost of contributions to the firm's scheme included in the profit and loss account for the year was £1,366k (2011 £1,285k) No contributions were outstanding at either year end

Defined benefit scheme

The defined benefit scheme closed to new entrants on 30 April 1988 and all members have been transferred out The firm has not made any employer contributions to the scheme in the current or prior year and there are no further liabilities with respect to this scheme

18. Related parties

Taylor Wessing LLP owns 100% voting rights and ordinary shares of Carmelite Insurance Limited Taylor Wessing LLP paid £212,000 (2011 £309,750) to Carmelite Insurance Limited in respect of the insurance premium during the year

Taylor Wessing LLP also owns 100% voting rights and ordinary shares of Taylor Wessing Services Limited During the year, fees totalling £35,018k were charged to Taylor Wessing LLP (2011 £nil) in respect of management fees At the year end £147k of management fees was outstanding

The company has taken advantage of the exemption in Financial Reporting Standard 8 Related Party transactions, and not presented details of transactions with Taylor Wessing Services Limited