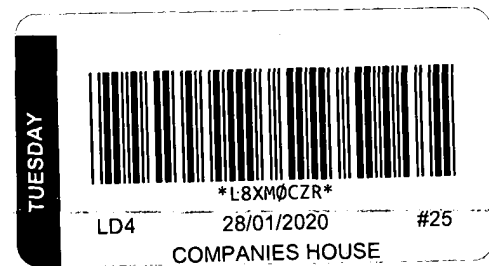


**Registered number: OC322935**

**Taylor Wessing Limited Liability Partnership**

**Annual report and financial statements**

**for the year ended 30 April 2019**



# **Taylor Wessing Limited Liability Partnership**

## **Report and financial statements 2019**

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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", "the LLP") and the audited financial statements for the LLP for the year ended 30 April 2019.

### Group structure

These financial statements consolidate the financial statements of Taylor Wessing LLP, its subsidiary undertakings and joint ventures (together "the Group") drawn up to 30 April 2019.

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

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 the Group's website, [www.taylorwessing.com](http://www.taylorwessing.com).

### Principal Activity

The Group's principal activity is the provision of legal services in the United Kingdom.

### Review of the business and future developments

The business plan is to continue to invest and grow the legal services of the Group in key sectors while retaining appropriate profitability.

The results for the year are presented on page 5. The members regard the results and future prospects to be satisfactory. Details regarding the adoption of the going concern basis can be found in note 1 to the financial statements.

### Designated members

The designated members, who served throughout the year and to the date of this report, were as follows:

T G Eyles (resigned 30 September 2018)  
S R Gleghorn (appointed 30 September 2018)  
N Shanmuganathan  
J E Goold  
C J Turley

### Members' drawings and the subscription and repayment of members' capital

The members' policy on drawings is dependent upon the working capital requirements of the Group. 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 repaid to members six months after the year end following cessation of membership of the LLP.

### 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.

Approved by the Board and signed on its behalf by:

  
S R Gleghorn  
Managing Partner and Designated Member  
02 September 2019

# **Taylor Wessing Limited Liability Partnership**

## **Members' responsibilities statement**

The members are responsible for preparing the annual 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 judgments and accounting 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 Partnership 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 LLP 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 Partnership 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**

## **Report on the audit of the financial statements**

### **Opinion on financial statements**

In our opinion the financial statements of Taylor Wessing Limited Liability Partnership (the 'LLP') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent LLP's affairs as at 30 April 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

We have audited the financial statements of Taylor Wessing Limited Liability Partnership for the year ended 30 April 2019 which comprise:

- the consolidated profit and loss account,
- the consolidated and LLP balance sheets,
- the consolidated and LLP statements of changes in members' interest,
- the consolidated cash flow statement and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and of the parent LLP in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the members' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent limited liability partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

### **Other information**

The members are responsible for the other information. The other information comprises the information included in the members' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

# **Independent auditor's report to the members of Taylor Wessing Limited Liability Partnership (continued)**

## **Responsibilities of members**

As explained more fully in the members' responsibilities statement, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the group's and Taylor Wessing Limited Liability Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the group or Taylor Wessing Limited Liability Partnership or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Report on other legal and regulatory requirements**

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

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent LLP; or
- returns adequate for our audit have not been received from branches not visited by us; or
- the parent LLP's 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.

We have nothing to report in respect of these matters.

### **Use of our report**

This report is made solely to the LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships. 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 LLP and the LLP's members as a body, for our audit work, for this report, or for the opinions we have formed.



Peter Saunders (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom

02 September 2019

## Taylor Wessing Limited Liability Partnership

### Consolidated profit and loss account For the year ended 30 April 2019

	Note	2019 £'000	2018 £'000
<b>Turnover</b>	3	155,043	143,031
Other operating income		1,802	1,524
		<hr/>	<hr/>
		156,845	144,555
Staff costs	7	(54,122)	(49,486)
Depreciation	11	(2,154)	(3,158)
Other operating expenses	4	(39,259)	(36,185)
		<hr/>	<hr/>
<b>Operating profit</b>		61,310	55,726
Interest received	5	523	159
Interest paid	5	(161)	(57)
Share of profit of joint ventures		21	8
		<hr/>	<hr/>
<b>Profit before taxation and members' remuneration and profit shares</b>		61,693	55,836
Tax on profit	9	(492)	(421)
		<hr/>	<hr/>
<b>Profit for the year available for discretionary division among members</b>		<u>61,201</u>	<u>55,415</u>

All results relate to continuing activities.

There are no other items of comprehensive income or expense in the current or prior year. Therefore, no statement of other comprehensive income is presented.

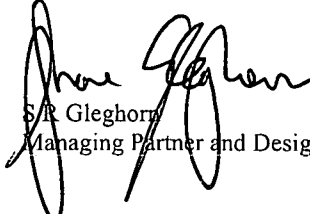
# Taylor Wessing Limited Liability Partnership

## Consolidated balance sheet As at 30 April 2019

	Note	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Tangible assets	11	2,522	3,886
Investments	12	104	83
		<u>2,626</u>	<u>3,969</u>
<b>Current assets</b>			
Debtors	13	82,468	78,338
Cash at bank and in hand		30,280	15,572
		<u>112,748</u>	<u>93,910</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(25,233)</u>	<u>(20,219)</u>
<b>Net current assets</b>		<u>87,515</u>	<u>73,691</u>
<b>Net assets attributable to members and total assets less current liabilities</b>		<u>90,141</u>	<u>77,660</u>
<b>Represented by:</b>			
<b>Loans and other debt due to members</b>			
Members' capital classified as a liability		22,467	20,798
Amount owed to members		6,403	1,447
		<u>28,870</u>	<u>22,245</u>
<b>Members' other interests classified as equity</b>			
Other reserves		61,271	55,415
		<u>90,141</u>	<u>77,660</u>
<b>Total members' interests</b>			
Members' capital classified as a liability		22,467	20,798
Amounts owed to members		6,403	1,447
Amounts due from members		(9,513)	(9,897)
Other reserves classified as equity		61,271	55,415
		<u>80,628</u>	<u>67,763</u>

The financial statements of Taylor Wessing Limited Liability Partnership (registered number OC322935) were approved by the members and authorised for issue on 02 September 2019.

Signed on behalf of the members by:

  
S.R. Gleghorn  
Managing Partner and Designated Member

  
N Shanmuganathan  
Designated Member



# Taylor Wessing Limited Liability Partnership

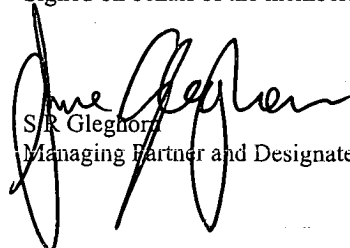
## LLP balance sheet As at 30 April 2019


	Note	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Tangible assets	11	2,522	3,886
Investments	12	251	251
		<u>2,773</u>	<u>4,137</u>
<b>Current assets</b>			
Debtors	13	82,022	77,811
Cash at bank and in hand		26,094	12,798
		<u>108,116</u>	<u>90,609</u>
<b>Creditors: amounts falling due within one year</b>	14	(22,956)	(19,034)
<b>Net current assets</b>		<u>85,160</u>	<u>71,575</u>
<b>Net assets attributable to members and total assets less current liabilities</b>		<u>87,933</u>	<u>75,712</u>
<b>Represented by:</b>			
<b>Loans and other debts due to members</b>			
Members' capital classified as a liability		22,467	20,798
Amount owed to members		6,403	1,447
		<u>28,870</u>	<u>22,245</u>
<b>Members' other interests classified as equity</b>			
Other reserves		59,063	53,467
		<u>87,933</u>	<u>75,712</u>
<b>Total members' interests</b>			
Members' capital classified as a liability		22,467	20,798
Amounts owed to members		6,403	1,447
Amounts due from members		(9,513)	(9,897)
Other reserves classified as equity		59,063	53,467
		<u>78,420</u>	<u>65,815</u>

The LLP's profit for the year available for discretionary division among members was £60,941,000 (2018: £55,937,000).

The financial statements of Taylor Wessing Limited Liability Partnership (registered number OC322935) were approved by the members and authorised for issue on *02 September* 2019.

Signed on behalf of the members by:

  
S.R. Gleghorn  
Managing Partner and Designated Member

  
N. Shanmuganathan  
Designated Member

## Taylor Wessing Limited Liability Partnership

### Consolidated statement of changes in members' interests For the year ended 30 April 2019

	Members' capital classified as a liability £'000	Amount due to/from members £'000	Total Debt £'000	Equity – Other reserves £'000	Total members' interest £'000
Members' interest at 30 April 2017	19,809	(5,668)	14,141	47,063	61,204
Profit for the year available for discretionary division among members	-	-	-	55,415	55,415
Members' interest after profit for the year	19,809	(5,668)	14,141	102,478	116,619
Allocated profits	-	47,063	47,063	(47,063)	-
Payments to and on behalf of members	-	(49,845)	(49,845)	-	(49,845)
Members' capital introduced	3,319	-	3,319	-	3,319
Members' capital repaid	(2,330)	-	(2,330)	-	(2,330)
Members' interest at 30 April 2018	20,798	(8,450)	12,348	55,415	67,763
Profit for the year available for discretionary division among members	-	-	-	61,201	61,201
Members' interest after profit for the year	20,798	(8,450)	12,348	116,616	128,964
Allocated profits	-	55,345	55,345	(55,345)	-
Payments to and on behalf of members	-	(50,005)	(50,005)	-	(50,005)
Members' capital introduced	5,211	-	5,211	-	5,211
Members' capital repaid	(3,542)	-	(3,542)	-	(3,542)
Members' interest at 30 April 2019	22,467	(3,110)	19,357	61,271	80,628

#### Reconciliation of Amounts due from members:

	2019 £'000	2018 £'000
Amounts owed to members	6,403	1,447
Amounts owed by members	(9,513)	(9,897)
Amount due from members	(3,110)	(8,450)

## Taylor Wessing Limited Liability Partnership

### LLP statement of changes in members' interest For the year ended 30 April 2019

	Members' capital classified as a liability £'000	Amount due to/from members £'000	Total Debt £'000	Equity – Other reserves £'000	Total members' interest £'000
<b>Members' interest at 30 April 2017</b>	19,809	(5,668)	14,141	44,613	58,754
Profit for the year available for discretionary division among members	-	-	-	55,937	55,937
<b>Members' interest after profit for the year</b>	19,809	(5,668)	14,141	100,550	114,691
Allocated profits	-	47,083	47,083	(47,083)	-
Payments to and on behalf of members	-	(49,865)	(49,865)	-	(49,865)
Members' capital introduced	3,319	-	3,319	-	3,319
Members' capital repaid	(2,330)	-	(2,330)	-	(2,330)
<b>Members' interest at 30 April 2018</b>	20,798	(8,450)	12,348	53,467	65,815
Profit for the year available for discretionary division among members	-	-	-	60,941	60,941
<b>Members' interest after profit for the year</b>	20,798	(8,450)	12,348	114,408	126,756
Allocated profits	-	55,345	55,345	(55,345)	-
Payments to and on behalf of members	-	(50,005)	(50,005)	-	(50,005)
Members' capital introduced	5,211	-	5,211	-	5,211
Members' capital repaid	(3,542)	-	(3,542)	-	(3,542)
<b>Members' interest at 30 April 2019</b>	<u>22,467</u>	<u>(3,110)</u>	<u>19,357</u>	<u>59,063</u>	<u>78,420</u>

#### Reconciliation of Amounts due from members:

	2019 £'000	2018 £'000
Amounts owed to members	6,403	1,447
Amounts owed by members	(9,513)	(9,897)
Amount due from members	<u>(3,110)</u>	<u>(8,450)</u>

## Taylor Wessing Limited Liability Partnership

### Consolidated cash flow statement For the year ended 30 April 2019

	Note	2019 £'000	2018 £'000
Net cash flows from operating activities	15	63,472	53,849
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets	11	(790)	(1,856)
Purchase of investments	12	-	(1)
Interest income	5	523	159
Interest expense	5	(161)	(57)
<b>Net cash flows used in investing activities</b>		<b>(428)</b>	<b>(1,755)</b>
<b>Cash flows from financing activities</b>			
Payments to and behalf of members		(50,005)	(49,845)
Capital contributions by members		5,211	3,319
Capital repayments to former members		(3,542)	(2,330)
<b>Net cash flows used in financing activities</b>		<b>(48,336)</b>	<b>(48,856)</b>
<b>Net increase in cash and cash equivalents</b>		<b>14,708</b>	<b>3,238</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>15,572</b>	<b>12,334</b>
<b>Cash and cash equivalents at end of year*</b>		<b>30,280</b>	<b>15,572</b>
<b>Reconciliation to cash at bank and in hand:</b>			
Cash at bank and in hand		30,280	15,572
<b>Cash and cash equivalents</b>		<b>30,280</b>	<b>15,572</b>

\*Included within the cash there is an amount of £949,000, (2018: £964,000), which is restricted for use by Carmelite Insurance Limited.

# Taylor Wessing Limited Liability Partnership

## Notes to the financial statements For the year ended 30 April 2019

### 1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

#### General information and basis of accounting

Taylor Wessing Limited Liability Partnership ("the LLP") is incorporated in the United Kingdom under the Limited Liability Partnership Act 2000. The address of the registered office is given on page 1. The nature of the Group's operations and its principal activities are set out in the members' report on page 1.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and the requirements of the Statement of Recommended Practice Accounting by Limited Liability Partnerships (issued July 2014).

The LLP meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to the presentation of a cash flow, financial instruments, intra-group transactions and remuneration of key management personnel.

#### Basis of consolidation

The LLP financial statements consolidate the financial statements of the LLP, its subsidiary undertakings and joint ventures (together "the Group"), drawn up to 30 April 2019. Taylor Wessing Services Limited and Carmelite Insurance Limited are fully consolidated.

Carmelite Insurance Limited has a 31 March year end; however, adjustments have not been made to align their results with the LLP as any adjustment would be considered immaterial.

#### Going concern

The going concern basis has been adopted in preparing the financial statements. Having considered the Group's forecasts and projections, the members are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future.

#### Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, 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 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

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

#### Financial instruments and equity

All financial assets and liabilities are initially measured at transaction price (including transaction costs). The business holds no financial assets classified as at fair value through profit or loss.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

# **Taylor Wessing Limited Liability Partnership**

## **Notes to the financial statements (continued) For the year ended 30 April 2019**

### **1. Accounting policies (continued)**

#### **Financial instruments and equity (continued)**

Debt instruments that have no stated interest rate (and do not constitute financing a transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

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 the end of the financial year in which the cessation of membership of the LLP occurs and is therefore disclosed as a liability.

#### **Investments**

Investments are measured at cost less impairment.

#### **Impairment of assets**

The Group assesses at the end of each reporting period whether there is objective evidence that an asset or group of assets is impaired. A financial asset or group of assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (a 'loss event') and that loss event (or events) have an impact on the estimated future cash flows of the asset or group of assets that can be reliably estimated.

#### **Joint ventures**

In the consolidated financial statements investments in joint ventures are accounted for using the equity method. Investments in joint ventures are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the Group's share of the profit or loss and other comprehensive income of the joint ventures.

#### **Taxation**

The tax payable on the profits of the LLP is a personal liability of the members for the year and therefore not a charge on the LLP. An amount is retained from each member's profit share within the 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 subsidiary undertakings, joint ventures and associates.

#### **Members' interests**

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 being effective on 1 May. Capital is repaid to members six months after cessation of membership of the LLP and is shown in amounts due to members.

The members vote to approve the division of profit after the balance sheet date. As a result, the balance of profit available for division among the members as at 30 April 2019 is included in members' other interests.

Drawings by members on account of profits for the year are included in amounts due from members.

In the event of a winding up, members' capital ranks 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.

# **Taylor Wessing Limited Liability Partnership**

## **Notes to the financial statements (continued) For the year ended 30 April 2019**

### **1. Accounting policies (continued)**

#### **Turnover**

Turnover for services 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. Turnover 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 turnover in accordance with Section 23 Revenue of Financial Reporting Standard 102. Turnover recognised in this manner is based on an assessment of the fair value of the services provided by the balance sheet date as a proportion of the total value of the engagement.

Unbilled turnover is included within debtors. Unbilled turnover is stated at fair value where the right to consideration has been obtained. Provision is made against unbilled amounts on those engagements where the right to receive payments is contingent on factors outside the control of the Group. Contingent turnover (over and above any agreed minimum fee which is recognised as above) is recognised in the period when the contingent event occurs.

#### **Finance Income**

Finance income represents income received as a result of financing activity. The balance consists of interest received from the bank and is recognised on an accrual basis in line with the financial period.

#### **Employee benefits**

The LLP operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the total contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### **Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

#### **Leases**

Rentals under operating leases are charged on a straight-line basis 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 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 lease.

### **2. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Group's accounting policies, which are described in note 1, the members are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. We have considered and concluded that there are no key sources of estimation uncertainty.

#### **Critical judgements in applying the Group's accounting policies**

The following are the critical judgements, apart from those involving estimations, that the members have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

# Taylor Wessing Limited Liability Partnership

## Notes to the financial statements (continued) For the year ended 30 April 2019

### 2. Critical accounting judgements and key sources of estimation uncertainty (continued)

#### Revenue recognition – unbilled turnover

The value of accrued turnover is derived on the basis of estimations and assumptions regarding the fair value of unbilled time at the year end, in accordance with the Group's accounting policy for turnover.

#### Impairment of debtors

The Group makes an estimate of the recoverable value of debtors, other debtors and unbilled revenue. When assessing the impairment of trade receivables, other debtors and unbilled revenue, management considers factors including: the current credit rating of the debtor, the aging profile and our historic experience of the relevant client.

### 3. Turnover

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

### 4. Other operating expenses

	2019 £'000	2018 £'000
Expenses and sub-contractor costs on client assignments	8,611	6,814
Other operating costs	30,648	29,371
	<u>39,259</u>	<u>36,185</u>

Other operating costs primarily comprise property, IT and personnel related expenditure.

### 5. Finance income (net)

	2019 £'000	2018 £'000
Interest receivable	523	159
Interest payable and similar charges	(161)	(57)
	<u>362</u>	<u>102</u>

### 6. Operating Profit

Operating profit is stated after charging:

	2019 £'000	2018 £'000
Depreciation of tangible fixed assets (note 11)	2,154	3,158
Impairment of investments (note 12)	-	177
Operating lease costs	8,348	6,218



# Taylor Wessing Limited Liability Partnership

## Notes to the financial statements (continued) For the year ended 30 April 2019

### 6. Operating Profit (continued)

The analysis of the auditor's remuneration is as follows:

	2019 £'000	2018 £'000
Fees payable to the auditor and its associates for the audit of the Limited Liability Partnership's annual financial statements	66	64
Audit of subsidiary undertakings	3	3
Total audit fees payable	69	67
Other assurance services pursuant to legislation	21	21
Tax advisory services	43	29
Total fees payable	133	117

### 7. Staff numbers and costs

The monthly average number of employees (excluding members) in line with the Companies Act requirements was:

	2019 Number	2018 Number
Fee-earners	286	276
Non fee earning professionals	21	18
Business services	292	269
	599	563

Their aggregate remuneration comprised:

	2019 £'000	2018 £'000
Wages and salaries	40,883	37,698
Social security costs	4,740	4,324
Other pension costs	2,121	1,979
Other costs	6,378	5,485
	54,122	49,486

### 8. Members' remuneration and transactions

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

The profit attributable after the year end to the member with the largest entitlement was £1,795,000 (2018: £1,237,000). The average number of members during the year was 96 (2018: 98).

## Taylor Wessing Limited Liability Partnership

### Notes to the financial statements (continued) For the year ended 30 April 2019

#### 9. Tax on profit

The tax charge on the profits for the year is split between tax payable by the Group and tax payable by the members personally.

The tax charge represents tax payable by the Group.

	2019 £'000	2018 £'000
Tax on profit	492	421

The difference between the total tax charge and the amount calculated by applying the rate of UK corporation tax to the profit before tax is as follows:

	2019 £'000	2018 £'000
Profit before tax	61,693	55,836
Less amounts subject to personal taxation on the members	(59,103)	(53,621)
Profits subject to UK corporation tax	2,590	2,215
Tax on profits subject to taxation at UK corporation tax rate of 19% (2018: 19%)	492	421

No deferred tax assets or liabilities have been recognised.

#### Factors that may affect future tax charges

The standard rate of tax applied to reported profit on ordinary activities is 19% (2018: 19%). Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017 and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016.

#### 10. Profit of the LLP

The LLP has taken advantage of Section 408 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and has not included its own profit and loss account in these financial statements. Its own profit for the year available for discretionary division among members was £60,941,000 (2018: £55,937,000).

## Taylor Wessing Limited Liability Partnership

### Notes to the financial statements (continued) For the year ended 30 April 2019

#### 11. Tangible fixed assets

Group and LLP	Leasehold improvements £'000	Furniture and equipment £'000	Total £'000
<b>Cost</b>			
At 1 May 2018	18,623	12,108	30,731
Additions	23	767	790
At 30 April 2019	18,646	12,875	31,521
<b>Depreciation</b>			
At 1 May 2018	17,465	9,380	26,845
Charge for the year	782	1,372	2,154
At 30 April 2019	18,247	10,752	28,999
<b>Net book value</b>			
At 30 April 2019	399	2,123	2,522
At 30 April 2018	1,158	2,728	3,886

#### 12. Investments

	LLP £'000	Group £'000
<b>Cost and net book value</b>		
At 1 May 2018	1,244	1,076
Share of profit of joint venture	-	21
At 30 April 2019	1,244	1,097
<b>Provision for impairment</b>		
At 1 May 2018	(993)	(993)
Impairment charge in the year	-	-
At 30 April 2019	(993)	(993)
<b>Net book value</b>		
At 30 April 2019	251	104
At 30 April 2018	251	83

## Taylor Wessing Limited Liability Partnership

### Notes to the financial statements (continued) For the year ended 30 April 2019

#### 12. Investments (continued)

The Group has investments in the following subsidiary undertakings, joint ventures and associates:

Entity	Country of incorporation	Nature of business	% holding
Taylor Wessing Services Limited	England and Wales	Service company	100%
Carmelite Insurance Limited*	Guernsey	Insurance company	100%
TW (US) Limited	England and Wales	Intermediate holding company	50%
Taylor Wessing Overseas Investments (Dubai) Limited	England and Wales	Intermediate holding company	100%
Taylor Wessing Inc.**	USA	Business development	50%
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 Trustee Limited	England and Wales	Dormant	100%
TW Trustee Company Limited	England and Wales	Dormant	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%
TW ShareCo Limited	England and Wales	Intermediate holding company	100%
Taylor Wessing SCRL***	Belgium	Law firm	49%
Taylor Wessing International Services Limited	England and Wales	Service company	100%

The Group's net book value reflects investments in Taylor Wessing SCRL and Taylor Wessing Inc., a joint venture with Taylor Wessing Partnerschaftsgesellsch mbB. The carrying value of our joint venture investment is £103,000 (2018: £82,000). The registered office for the companies incorporated in England and Wales is 5 New Street Square, London, EC4A 3TW.

\*The registered office for Carmelite Insurance Limited is St Martins House Le Bordinge St Peter Port Guernsey.

\*\*The registered office for Taylor Wessing Inc. is 19C Trolley Street, Wilmington, Delaware 19806, USA.

\*\*\*The registered office for Taylor Wessing SCRL is Rue de Livourne 7, Box 4, 1060 Brussels Belgium.

#### 13. Debtors

	LLP		Group	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
<b>Amounts falling due within one year:</b>				
Trade debtors	56,093	53,052	56,093	53,052
Unbilled revenue	9,664	9,514	9,664	9,514
Amounts due from members	9,513	9,897	9,513	9,897
Other debtors	1,727	551	1,929	807
Prepayments and accrued income	5,025	4,797	5,269	5,068
	<u>82,022</u>	<u>77,811</u>	<u>82,468</u>	<u>78,338</u>

Amounts due from members includes amount which is interest free and is repayable on demand.

# Taylor Wessing Limited Liability Partnership

## Notes to the financial statements (continued) For the year ended 30 April 2019

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

	LLP		Group	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade creditors	9,471	6,102	9,568	6,187
Amounts owed to group undertakings	4,944	5,556	-	-
Other taxation and social security	2,375	2,414	3,980	4,021
Other creditors	1,712	2,183	2,714	3,159
Accruals and deferred income	4,454	2,779	8,971	6,852
	<u>22,956</u>	<u>19,034</u>	<u>25,233</u>	<u>20,219</u>

Amounts owed to group undertakings includes amounts which are interest free and are repayable on demand.

### 15. Cash flow statement

Reconciliation of operating profit to cash generated by operations:

	2019	2018
	£'000	£'000
Operating profit	61,310	55,726
Adjustment for:		
Impairment loss on investments	-	177
Depreciation	2,154	3,158
Operating cash flow before movement in working capital	<u>63,464</u>	<u>59,061</u>
Increase in debtors	(4,514)	(5,947)
Increase in creditors	5,041	1,205
<b>Cash generated by operations</b>	<u>63,991</u>	<u>54,319</u>
Income taxes paid	(519)	(470)
<b>Net cash from operating activities</b>	<u>63,472</u>	<u>53,849</u>

### 16. Financial commitments

Total future minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:

	2019	2018
	£'000	£'000
<b>Group and LLP</b>		
- within one year	9,067	7,667
- between one and five years	36,270	30,666
- after five years	12,140	17,931
	<u>57,477</u>	<u>56,264</u>

## **Taylor Wessing Limited Liability Partnership**

### **Notes to the financial statements (continued)**

#### **For the year ended 30 April 2019**

##### **17. Employee benefits**

The total expense charged to the profit and loss in the year ended 30 April 2019 in respect of defined contribution pension schemes was £2,121,000 (2018: £1,979,000). No contributions were outstanding at either year end.

##### **18. Related party transactions**

The total remuneration for key management personnel in the year was £7,897,000 (2018: £6,913,000).

##### **19. Controlling party**

The LLP is controlled by its members and as such there is no single controlling party.