

Registered number: OC322935

Taylor Wessing Limited Liability Partnership

Annual report and financial statements

for the year ended 30 April 2021

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Taylor Wessing Limited Liability Partnership

Report and financial statements 2021

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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 2021.

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 2021.

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

Taylor Wessing LLP has a branch, as defined in Section 1046(3) of the Companies Act 2006, outside the UK in the United Arab Emirates.

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.

Principal Activity

The group's principal activity is the provision of legal services.

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 COVID-19 pandemic restricted access to our offices throughout the financial year, but the operating model of the business allowed services to be provided remotely without disruption. The group continue to monitor the risks arising from the pandemic and take appropriate action to mitigate these. The members are of the opinion that the financial position and projections of the group remain strong and the financial statements have been prepared on a going concern basis. Further information can be found in note 1 to these financial statements.

Since the UK's exit from the European Union, performance has remained strong for the group. Having considered ongoing implications, the members consider that no material impact is expected on the future performance of the business.

The results for the year are presented on page 9. The members regard the results and future prospects to be satisfactory.

Designated members

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

S R Gleghorn
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 by six months after the year end following cessation of membership of the LLP.

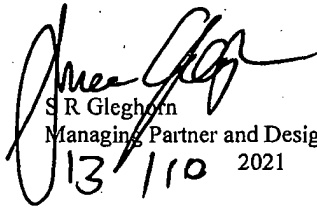
Taylor Wessing Limited Liability Partnership

Members' report

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
13/10 2021

Taylor Wessing Limited Liability Partnership

Energy and carbon report

In accordance with the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 as amended, the members present their energy and carbon report of the group for the year ended 30 April 2021. The scope of this report is to disclose details on scope 1 and 2 greenhouse gas emissions that result from the UK offices of the group.

Taylor Wessing LLP is committed to being a responsible business, meaning we think and act sustainably. During the financial year the board approved our sustainability strategy. The strategy outlines our commitment to becoming carbon neutral in our operations before the end of 2023 and achieving net zero carbon emissions by 2030. The group's strategy builds on the firm's long-established frameworks of ISO 14001 and 50001 environmental and energy management systems.

We are founding members of the Legal Sustainability Alliance, the leading sustainability network for law firms and the legal sector, enabling members to address the climate emergency and transition to Net Zero. We support the Legal Renewables Initiative - a public commitment by law firms to switch to 100% renewable energy by 2025.

The group has followed the 2019 UK Government environmental reporting guidance. The group has used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), and emission factors from the UK Government's GHG Conversion Factors for Reporting 2019 and 2020 to calculate GHG emissions in this report. Energy and GHG emissions have been independently calculated by Survey and Test Ltd.

UK Greenhouse Gas emissions and energy usage for the period 1 May to 30 April

	2021	2020
Greenhouse gas emissions (Scope 1 – tonnes of CO ₂ e) <i>from combustion of gas and fugitive sources</i>	8	199
Greenhouse gas emissions (Scope 2 – tonnes of CO ₂ e) <i>from electricity and heat purchased for own use</i>	718	917
Total gross CO₂e based on above (tonnes of CO₂e)	726	1,116
Energy consumption used to calculate emissions (kWh)	3,205,423	4,194,000
Intensity metric: Tonnes of CO₂e per £m turnover	4	7

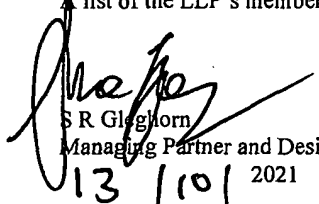
Total gross emissions for the year ended 30 April 2021 reduced by 35% to 726 tCO₂e (2020: 1,116 tCO₂e). Energy consumption in the period has been affected by the impact of the COVID-19 pandemic, which restricted access to our offices. We will use the insights gained throughout the pandemic period to help define our adoption of a hybrid working style in the future.

Throughout this financial year we created operation control procedures which included carefully setting controls (time, temperature and speed controls) to achieve reductions in our auditorium, hot water system and kitchen ventilation system energy consumption. We measured and monitored our success throughout the year using electronic metering, with BSI externally auditing the process.

During the financial year ended 30 April 2022, we intend to implement a sustainable travel policy, and introduce travel carbon budgets to ensure we are working towards our ambition to reduce travel related GHG emissions. We are working in close partnership with our landlords and contractors to target a further reduction in scope 1 and 2 emission. Wherever possible we will continue to take advantage of technology to further reduce our carbon footprint.

Further detail on the firms strategy and approach to sustainability within the UK is available on our website: www.taylorwessing.com/sustainability.

A list of the LLP's members is available from Companies House.


S R Gloghorn
Managing Partner and Designated Member

13/10/2021

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 judgements 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

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 limited liability partnership's affairs as at 30 April 2021 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 which comprise:

- the consolidated profit and loss account;
- the consolidated and LLP balance sheets;
- the consolidated and LLP statement of changes in member's interest;
- the consolidated cash flow statement; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 limited liability partnership 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

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent limited liability partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

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

Other information

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

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 the parent 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 the parent 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. This description forms part of our auditor's report.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the Solicitors Regulation Authority Accounts Rules.

We discussed among the audit engagement team and industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our specific procedures performed to address them are described below:

- Revenue recognition which was pinpointed to the valuation of unbilled time at year-end:
 - We obtained an understanding of the relevant controls over the valuation of unbilled time;
 - We reviewed the historical accuracy of management's valuation of unbilled time at year-end;
 - We tested the mechanical accuracy of the model used to value unbilled time at year-end; and
 - For a sample of matters we challenged the valuation of unbilled time at year end. This included validating the valuation applied by inspecting evidence including engagement letters, email correspondence and relevant bills issued post year-end.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments posted throughout the period; assessed whether the judgements made in making accounting estimates were indicative of potential bias; and evaluated the business rationale of any significant transactions that were unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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

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 limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or

the parent limited liability partnership 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 limited liability partnership'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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.



Peter Saunders (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
14 October 2021

Taylor Wessing Limited Liability Partnership

Consolidated profit and loss account For the year ended 30 April 2021

	Note	2021 £'000	2020 £'000
Turnover	3	173,549	155,123
Other operating income		1,660	2,189
		<hr/>	<hr/>
Staff costs	7	175,209	157,312
Depreciation	11	(65,357)	(57,128)
Other operating expenses	4	(1,271)	(1,515)
		<hr/>	<hr/>
Operating profit		69,458	56,308
Interest receivable and similar income	5	80	768
Interest payable and similar charges	5	(146)	(357)
Profit on sale of investment		1,619	-
Share of (loss)/profit of joint ventures		(6)	10
		<hr/>	<hr/>
Profit before taxation		71,005	56,729
Tax on profit	9	(566)	(516)
		<hr/>	<hr/>
Profit before members' remuneration and profit shares		70,439	56,213
Members' remuneration charged as an expense		(617)	-
		<hr/>	<hr/>
Profit for the year available for discretionary division among members		<u>69,822</u>	<u>56,213</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.

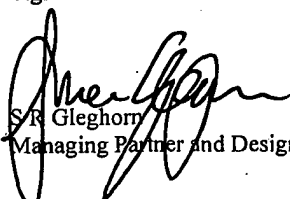
Taylor Wessing Limited Liability Partnership

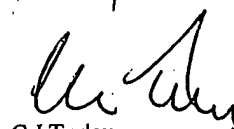
Consolidated balance sheet As at 30 April 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Tangible assets	11	3,975	2,730
Investments	12	108	850
		<u>4,083</u>	<u>3,580</u>
Current assets			
Debtors	13	90,718	81,225
Cash at bank and in hand		35,271	43,456
		<u>125,989</u>	<u>124,681</u>
Creditors: amounts falling due within one year	14	<u>(30,826)</u>	<u>(29,478)</u>
Net current assets		<u>95,163</u>	<u>95,203</u>
Total assets less current liabilities		<u>99,246</u>	<u>98,783</u>
Creditors: amounts falling due after more than one year	15	<u>-</u>	<u>(6,000)</u>
Net assets attributable to members		<u>99,246</u>	<u>92,783</u>
Represented by:			
Loans and other debt due to members			
Members' capital classified as a liability		21,520	22,814
Amount owed to members		7,845	13,645
		<u>29,365</u>	<u>36,459</u>
Members' other interests classified as equity			
Other reserves		69,881	56,324
		<u>99,246</u>	<u>92,783</u>
Total members' interests			
Members' capital classified as a liability		21,520	22,814
Amounts owed to members		7,845	13,645
Amounts due from members		(10,396)	(10,300)
Other reserves classified as equity		69,881	56,324
		<u>88,850</u>	<u>82,483</u>

The financial statements of Taylor Wessing Limited Liability Partnership (registered number OC322935) were approved by the members and authorised for issue on 13/10/2021.

Signed on behalf of the members by:


S R Gleghorn
Managing Partner and Designated Member


C J Turley
Designated Member

Taylor Wessing Limited Liability Partnership

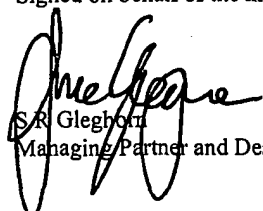
LLP balance sheet As at 30 April 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Tangible assets	11	3,975	2,730
Investments	12	251	987
		<u>4,226</u>	<u>3,717</u>
Current assets			
Debtors	13	90,327	80,666
Cash at bank and in hand		31,481	41,282
		<u>121,808</u>	<u>121,948</u>
Creditors: amounts falling due within one year	14	<u>(29,273)</u>	<u>(29,145)</u>
Net current assets		<u>92,535</u>	<u>92,803</u>
Total assets less current liabilities		<u>96,761</u>	<u>96,520</u>
Creditors: amounts falling due after more than one year	15	<u>-</u>	<u>(6,000)</u>
Net assets attributable to members		<u>96,761</u>	<u>90,520</u>
Represented by:			
Loans and other debts due to members			
Members' capital classified as a liability		21,520	22,814
Amount owed to members		7,845	13,645
		<u>29,365</u>	<u>36,459</u>
Members' other interests classified as equity			
Other reserves		67,396	54,061
		<u>96,761</u>	<u>90,520</u>
Total members' interests			
Members' capital classified as a liability		21,520	22,814
Amounts owed to members		7,845	13,645
Amounts due from members		(10,396)	(10,300)
Other reserves classified as equity		67,396	54,061
		<u>86,365</u>	<u>80,220</u>

The LLP's profit for the year available for discretionary division among members was £69,601,000 (2020: £56,158,000).

The financial statements of Taylor Wessing Limited Liability Partnership (registered number OC322935) were approved by the members and authorised for issue on 13 11 2021.

Signed on behalf of the members by:


S R Gleghorn
Managing Partner and Designated Member


C J Turley
Designated Member

Taylor Wessing Limited Liability Partnership

Consolidated statement of changes in members' interests For the year ended 30 April 2021

	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 2019	22,467	(3,110)	19,357	61,271	80,628
Members' remuneration charged as an expense	-	-	-	-	-
Profit for the year available for discretionary division among members	-	-	-	56,213	56,213
Members' interest after profit for the year	22,467	(3,110)	19,357	117,484	136,841
Allocated profits	-	61,160	61,160	(61,160)	-
Payments to and on behalf of members	-	(54,705)	(54,705)	-	(54,705)
Members' capital introduced	7,417	-	7,417	-	7,417
Members' capital repaid	(7,070)	-	(7,070)	-	(7,070)
Members' interest at 30 April 2020	22,814	3,345	26,159	56,324	82,483
Members' remuneration charged as an expense	-	617	617	-	617
Profit for the year available for discretionary division among members	-	-	-	69,822	69,822
Members' interest after profit for the year	22,814	3,962	26,776	126,146	152,922
Allocated profits	-	56,265	56,265	(56,265)	-
Payments to and on behalf of members	-	(62,778)	(62,778)	-	(62,778)
Members' capital introduced	1,390	-	1,390	-	1,390
Members' capital repaid	(2,684)	-	(2,684)	-	(2,684)
Members' interest at 30 April 2021	21,520	(2,551)	18,969	69,881	88,850

Reconciliation of Amounts due from/to members:

	2021 £'000	2020 £'000
Amounts owed to members	7,845	13,645
Amounts owed by members	(10,396)	(10,300)
Amount due (from)/to members	(2,551)	3,345

Taylor Wessing Limited Liability Partnership

LLP statement of changes in members' interest For the year ended 30 April 2021

	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 2019	22,467	(3,110)	19,357	59,063	78,420
Members' remuneration charged as an expense	-	-	-	-	-
Profit for the year available for discretionary division among members	-	-	-	56,158	56,158
Members' interest after profit for the year	22,467	(3,110)	19,357	115,221	134,578
Allocated profits	-	61,160	61,160	(61,160)	-
Payments to and on behalf of members	-	(54,705)	(54,705)	-	(54,705)
Members' capital introduced	7,417	-	7,417	-	7,417
Members' capital repaid	(7,070)	-	(7,070)	-	(7,070)
Members' interest at 30 April 2020	22,814	3,345	26,159	54,061	80,220
Members' remuneration charged as an expense	-	617	617	-	617
Profit for the year available for discretionary division among members	-	-	-	69,601	69,601
Members' interest after profit for the year	22,814	3,962	26,776	123,662	150,438
Allocated profits	-	56,266	56,266	(56,266)	-
Payments to and on behalf of members	-	(62,779)	(62,779)	-	(62,779)
Members' capital introduced	1,390	-	1,390	-	1,390
Members' capital repaid	(2,684)	-	(2,684)	-	(2,684)
Members' interest at 30 April 2021	21,520	(2,551)	18,969	67,396	86,365

Reconciliation of Amounts due from/to members:

	2021 £'000	2020 £'000
Amounts owed to members	7,845	13,645
Amounts owed by members	(10,396)	(10,300)
Amount due (from)/to members	(2,551)	3,345

Taylor Wessing Limited Liability Partnership

Consolidated cash flow statement For the year ended 30 April 2021

	Note	2021 £'000	2020 £'000
Net cash flows from operating activities	16	62,127	62,846
Cash flows from investing activities			
Purchase of tangible fixed assets	11	(2,516)	(1,723)
Interest income	5	80	768
Interest expense	5	(146)	(357)
Proceeds from sale of investment		2,355	-
Net cash flows used in investing activities		(227)	(1,312)
Cash flows from financing activities			
Payments to and behalf of members		(62,779)	(54,705)
Capital contributions by members		1,390	7,417
Capital repayments to former members		(2,684)	(7,070)
(Repayment)/receipt of bank loan	15	(6,000)	6,000
Net cash flows used in financing activities		(70,073)	(48,358)
Net (decrease)/increase in cash and cash equivalents		(8,173)	13,176
Cash and cash equivalents at beginning of year		43,456	30,280
Effect of foreign exchange rate changes		(12)	-
Cash and cash equivalents at end of year*		35,271	43,456
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		35,271	43,456
Cash and cash equivalents		35,271	43,456

*Included within the cash there is an amount of £695,000 (2020: £737,000), 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 2021

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 functional currency of the group is pounds sterling because that is the currency of the primary economic environment in which the group operates.

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 2021. 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 is considered immaterial.

Going concern

The going concern basis has been adopted in preparing these financial statements having assessed the principal risks to the business and considered potential impacts of COVID-19 in both the medium and longer term.

The firm has demonstrated that despite pandemic conditions in the wider economy and restricted access to our offices throughout the year, it has successfully continued delivering legal services to its client base. Uncertainty continues regarding restrictions and economic conditions, so whilst the firm's performance has remained strong, the members consider the ongoing key risks arising from COVID-19 to be a potential reduction in turnover, as a result of lower levels of demand from our clients, or a significant deterioration in the collection of trade debtors.

The members expect our strong financial performance to continue but, in recognition of the uncertain economic backdrop created by COVID-19, the firm has factored potential plausible downside scenarios into its profit and cash flow modelling to reflect a range of reductions to both turnover and receipt profiles. These have been modelled assuming various time periods before a subsequent increase in activity is seen.

The firm has also performed reverse stress testing on these models to determine the extent to which its income levels would need to reduce to put the group into a position where it was either in breach of the covenants on its borrowing facilities or had exhausted funding lines. The business has continued to trade well during the pandemic and delivers a broad range of services across a diverse client base which has limited its exposure to those sectors that have been most affected by COVID-19. The members therefore consider the reverse stress test scenario to be remote and expect the group to continue being able to meet its obligations as these fall due for at least the next twelve months from the date of signing of these financial statements as well as enabling the firm to operate within the covenants of its revolving credit facilities.

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.

Taylor Wessing Limited Liability Partnership

Notes to the financial statements (continued) For the year ended 30 April 2021

1. Accounting policies (continued)

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 and equipment	three to ten 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.

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 by 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 in non-derivative instruments that are equity of the issuer (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, 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.

Taylor Wessing Limited Liability Partnership

Notes to the financial statements (continued) For the year ended 30 April 2021

1. Accounting policies (continued)

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 articles require capital to be repaid to members by six months after the year end in which membership of the LLP ceases and is shown in amounts due to members.

Profits are shared among the members in accordance with agreed profit sharing arrangements after the financial statements have been approved by the members. As a result, the balance of profit available for division among the members as at 30 April 2021 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.

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 group 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.

Taylor Wessing Limited Liability Partnership

Notes to the financial statements (continued) For the year ended 30 April 2021

1. Accounting policies (continued)

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.

Government grants

Government grants are recognised based on the accrual model. Grants relating to revenue are recognised in other operating income over the period in which the related costs are recognised.

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.

Critical judgements in applying the Group's accounting policies

The members have considered and concluded that there are no individual critical judgements which have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

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

The group's turnover is derived from the provision of legal services.

No segmental or geographical analysis has been disclosed. The board considers that such a disclosure would be prejudicial to the interests of the group.

4. Other operating expenses

	2021 £'000	2020 £'000
Expenses and sub-contractor costs on client assignments	7,887	8,874
Other operating costs	31,236	33,487
	<u>39,123</u>	<u>42,361</u>

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

Taylor Wessing Limited Liability Partnership

Notes to the financial statements (continued) For the year ended 30 April 2021

5. Net finance income/(costs)

	2021 £'000	2020 £'000
Interest receivable and similar income	80	768
Interest payable and similar charges	(146)	(357)
	<u>(66)</u>	<u>411</u>

6. Operating Profit

Operating profit is stated after charging/(crediting):

	2021 £'000	2020 £'000
Depreciation of tangible fixed assets (note 11)	1,271	1,515
Operating lease costs	9,115	8,991
Net foreign exchange losses/(gains)	<u>365</u>	<u>(308)</u>

Due to the economic uncertainty that arose as a result of the COVID-19 pandemic, the group made use of the Coronavirus Job Retention Scheme within the financial year. The total amount claimed within the year was £920,000 (2020: £148,000) and all amounts received were repaid in full within the year ended 30 April 2021.

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

	2021 £'000	2020 £'000
Fees payable to the auditor and its associates for the audit of the Limited Liability Partnership's annual financial statements	70	69
Audit of subsidiary undertakings	<u>3</u>	<u>3</u>
Total audit fees payable	73	72
Other assurance services pursuant to legislation	22	23
Tax advisory services	28	24
Other services	<u>61</u>	<u>-</u>
Total fees payable	<u>184</u>	<u>119</u>

7. Staff numbers and costs

The average monthly number of full time equivalent employees (excluding members) was:

	LLP		Group	
	2021 Number	2020 Number	2021 Number	2020 Number
Fee-earners	15	4	309	299
Non fee earning professionals	-	-	21	23
Business services	<u>12</u>	<u>3</u>	<u>325</u>	<u>314</u>
	<u>27</u>	<u>7</u>	<u>655</u>	<u>636</u>

Taylor Wessing Limited Liability Partnership

Notes to the financial statements (continued) For the year ended 30 April 2021

7. Staff numbers and costs (continued)

Their aggregate remuneration comprised:

	2021 £'000	2020 £'000
Wages and salaries	51,781	43,963
Social security costs	5,565	5,099
Other pension costs	2,360	2,279
Other costs	5,651	5,787
	<u>65,357</u>	<u>57,128</u>

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 £3,251,000 (2020: £1,968,000). The average number of members during the year was 95 (2020: 96).

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.

	2021 £'000	2020 £'000
Tax on profit	<u>566</u>	<u>516</u>

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:

	2021 £'000	2020 £'000
Profit before tax	71,005	56,729
Less amounts subject to personal taxation on the members	(68,028)	(54,022)
Profits subject to UK corporation tax	<u>2,977</u>	<u>2,707</u>
Tax on profits at UK corporation tax rate of 19% (2020: 19%)	566	514
Tax effects of:		
Expenses not deductible for tax purposes	-	2
	<u>566</u>	<u>516</u>

No deferred tax assets or liabilities have been recognised.

Taylor Wessing Limited Liability Partnership

Notes to the financial statements (continued) For the year ended 30 April 2021

9. Tax on profit (continued)

Factors that may affect future tax charges

The standard rate of tax applied to reported profit on ordinary activities is 19% (2020: 19%). In the March 2021 budget, the government announced that the standard rate of corporation tax in the UK for the year starting 1 April 2023 would increase to 25%.

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 £69,601,000 (2020: £56,158,000).

11. Tangible fixed assets

Group and LLP	Leasehold improvements £'000	Furniture and equipment £'000	Total £'000
Cost			
At 1 May 2020	18,999	14,245	33,244
Additions	1,789	727	2,516
At 30 April 2021	20,788	14,972	35,760
Depreciation			
At 1 May 2020	18,349	12,165	30,514
Charge for the year	194	1,077	1,271
At 30 April 2021	18,543	13,242	31,785
Net book value			
At 30 April 2021	2,245	1,730	3,975
At 30 April 2020	650	2,080	2,730

Taylor Wessing Limited Liability Partnership

Notes to the financial statements (continued) For the year ended 30 April 2021

12. Investments

	LLP £'000	Group £'000
Cost		
At 1 May 2020	1,980	1,843
Disposals	(930)	(930)
Share of profit/(loss) of joint venture	-	(6)
At 30 April 2021	<u>1,050</u>	<u>907</u>
Provision for impairment		
At 1 May 2020	993	993
Reversal of impairment	(194)	(194)
At 30 April 2021	<u>799</u>	<u>799</u>
Net book value		
At 30 April 2021	<u>251</u>	<u>108</u>
At 30 April 2020	<u>987</u>	<u>850</u>

All investments are stated at fair value following the requirements of FRS 102.

Taylor Wessing Limited Liability Partnership

Notes to the financial statements (continued) For the year ended 30 April 2021

12. Investments (continued)

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

Entity	Country of incorporation	Nature of business	Class of shares	% holding
Taylor Wessing Services Limited	England and Wales	Service company	Ordinary	100%
Carmelite Insurance Limited*	Guernsey	Insurance company	Ordinary	100%
Taylor Wessing (US) Limited	England and Wales	Intermediate holding company	Ordinary	50%
Taylor Wessing Overseas Investments (Dubai) Limited	England and Wales	Intermediate holding company	Ordinary	100%
Taylor Wessing Inc.**	USA	Business development	Ordinary	50%
Huntsmoor Limited	England and Wales	Dormant	Ordinary	100%
Huntsmoor Nominees Limited	England and Wales	Dormant	Ordinary	100%
Taylor Joynson Garrett Limited	England and Wales	Dormant	Ordinary	100%
Taylor Wessing Pension Trustee Limited	England and Wales	Dormant	Ordinary	100%
TW Trustee Company Limited	England and Wales	Dormant	Ordinary	100%
TJG Secretaries Limited	England and Wales	Dormant	Ordinary	100%
Taylor Wessing UK Staff Trustee Limited	England and Wales	Dormant	Ordinary	100%
Taylor Wessing Process Service Limited	England and Wales	Dormant	Ordinary	100%
Taylor Wessing (London) Ltd	England and Wales	Dormant	Ordinary	100%
Taylor Wessing Secretaries Limited	England and Wales	Dormant	Ordinary	100%
TW Life Cover Trustee Limited	England and Wales	Dormant	Ordinary	100%
Taylor Wessing SCRL***	Belgium	Law firm	Ordinary	49%
Taylor Wessing International Services Limited	England and Wales	Service company	Ordinary	17%

The group's net book value reflects investments in Taylor Wessing SCRL and Taylor Wessing Inc., a joint venture with Taylor Wessing Partnerschaftsgesellschaft mbH. The carrying value of the joint venture investment is £107,000 (2020: £103,000). 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 PO Box 155, Mill Court, La Charroterie, St Peter Port, Guernsey, GY1 4ET.

**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	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Amounts falling due within one year:				
Trade debtors	60,047	53,501	60,047	53,501
Unbilled revenue	11,182	9,637	11,182	9,637
Amounts due from members	10,396	10,300	10,396	10,300
Other debtors	3,413	3,157	3,495	3,290
Prepayments and accrued income	5,289	4,071	5,598	4,497
	<u>90,327</u>	<u>80,666</u>	<u>90,718</u>	<u>81,225</u>

Amounts due from members are interest free and repayable on demand.

Taylor Wessing Limited Liability Partnership

Notes to the financial statements (continued) For the year ended 30 April 2021

14. Creditors: amounts falling due within one year

	LLP		Group	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade creditors	9,810	11,583	9,935	11,657
Amounts owed to group undertakings	10,370	6,391	-	-
Other taxation and social security	2,418	5,208	5,078	7,121
Other creditors	1,069	1,935	1,866	2,798
Accruals and deferred income	5,606	4,028	13,947	7,902
	<u>29,273</u>	<u>29,145</u>	<u>30,826</u>	<u>29,478</u>

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

15. Creditors: amounts falling due after more than one year

	LLP		Group	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Bank loan	-	6,000	-	6,000

The bank loan is a revolving loan with no security against the group or the LLP. When drawn the loan is repayable 5 years from drawdown date at a rate of LIBOR plus 1.5%. The loan was, however, repaid in full during the year.

16. Cash flow statement

Reconciliation of operating profit to cash generated by operations:

	2021	2020
	£'000	£'000
Operating profit	69,458	56,308
Adjustment for:		
Depreciation	1,271	1,515
Changes in fair value of investments	-	(736)
Operating cash flow before movement in working capital	<u>70,729</u>	<u>57,087</u>
(Increase)/decrease in debtors	(9,559)	2,030
Increase in creditors	<u>1,482</u>	<u>4,167</u>
Cash generated by operations	62,652	63,284
Income taxes paid	<u>(525)</u>	<u>(438)</u>
Net cash from operating activities	<u>62,127</u>	<u>62,846</u>

Taylor Wessing Limited Liability Partnership

Notes to the financial statements (continued) For the year ended 30 April 2021

17. Financial commitments

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

	2021 £'000	2020 £'000
Group and LLP		
- within one year	9,067	9,067
- between one and five years	31,145	37,140
- after five years	1,556	4,629
	<u>41,768</u>	<u>50,836</u>

18. Employee benefits

The total expense charged to the profit and loss in the year ended 30 April 2021 in respect of defined contribution pension schemes was £2,360,000 (2020: £2,279,000). Contributions totalling £203,000 (2020: £188,000) were payable at the year end.

19. Related party transactions

The total remuneration for key management personnel in the year was £9,320,000 (2020: £9,029,000).

Key management personnel consist of the members and directors of the LLP executive board.

20. Controlling party

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